

PUBLIC PROTECTION CABINET
Department of Alcoholic Beverage Control
(Amendment)

804 KAR 4:415. Direct shipper license.

RELATES TO: KRS 243.027, 241.060(1)~~[243.028, 243.029]~~

STATUTORY AUTHORITY: KRS 241.060, 243.027

NECESSITY, FUNCTION, AND CONFORMITY: KRS 243.027(4) requires the Department of Alcoholic Beverage Control to set forth ~~[the requirements and]~~ the form for a direct shipper license application. In relation to the direct shipper license, KRS 241.060(1) authorizes the Department only to promulgate an administrative regulation to establish the license application. This administrative regulation establishes the direct shipper license application.

Section 1. Qualifications. To qualify for a direct shipper license, the applicant shall:

- (1) Hold a current license, permit, or other authorization to manufacture alcoholic beverages in the state where it is located or a current license in this state under KRS 243.212 or 243.215 to supply alcoholic beverages;
- (2) Submit to the department their ~~[Provide a]~~ current license, permit, or other authorization to manufacture, store, or supply alcoholic beverages in the state where the applicant is located via the department's online portal at <https://abcportal.ky.gov/BELLEExternal>;
- (3) Complete the online New~~[direct shipper]~~ License Application via the department's online~~[licensing]~~ portal at <https://abcportal.ky.gov/BELLEExternal>;
- (4) ~~[Provide the address of the applicant's premises; and]~~
- ~~[(5)]~~ Pay the annual license fee established in KRS 243.030(33).

Section 2. Incorporation by Reference.

- (1) "Online Direct Shipper License Application", October 2021, is incorporated by reference.
- (2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at Department of Alcoholic Beverage Control, 500 Mero Street, 2 NE 33, Frankfort, Kentucky 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m.

ALLYSON C. TAYLOR, Commissioner
RAY PERRY, Secretary

APPROVED BY AGENCY: December 13, 2024

FILED WITH LRC: December 20, 2024 at 2:50 p.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on March 25, 2025, at 9:00 a.m. EST, at 500 Mero Street, Room 127CW, Frankfort, Kentucky 40601. Individuals interested in being heard at this hearing shall notify this agency in writing by five workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through March 31, 2025. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Joshua Newton, Title: General Counsel, Department of Alcoholic Beverage Control Address: 500 Mero Street, 2 NE #226, Frankfort, KY 40601, Phone:

(502) 782-0770, Fax: (502) 564-4850, Email: Joshua.Newton@ky.gov

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person:Joshua Newton

(1) Provide a brief summary of:

(a) What this administrative regulation does:

This regulation outlines the forms to be used to apply for a direct-to-consumer shipping license.

(b) The necessity of this administrative regulation:

This regulation is necessary to guide members of the alcohol industry to the appropriate form to apply for a direct-to-consumer shipping license.

(c) How this administrative regulation conforms to the content of the authorizing statutes:

KRS 243.027 requires the Department of Alcoholic Beverage Control to set forth a form for a direct-to-consumer shipper license application.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:

The agency has the duty to provide the public with the opportunity to apply for alcohol licenses. This regulation points them to the appropriate form to apply for or renew a direct-to-consumer shipping license.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:

The amendment outlines the direct-to-consumer shipping form accessible on the agency's online licensing portal.

(b) The necessity of the amendment to this administrative regulation:

The amendment is necessary to update the regulation to incorporate the agency's online direct- to-consumer shipping application form.

(c) How the amendment conforms to the content of the authorizing statutes:

This amendment reflects the updated forms to accomplish this statutory mandate.

(d) How the amendment will assist in the effective administration of the statutes:

KRS 243.027 requires the Department of Alcoholic Beverage Control to set forth a form for a direct-to-consumer shipping license application.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:

There are currently over 880 entities licensed to ship alcohol into or out of Kentucky. This includes both in state and out of state producers. These businesses use the online portal to apply for and receive licenses to ship alcohol directly to consumers.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment:

The alcohol producers listed will continue to apply online for initial and renewed direct- to-consumer alcohol shipping licenses.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3):

There are fees for licenses but there is no fee to access or utilize the online portal.
There will be no new cost or expense to the applicants.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3):

By allowing online license application and renewal, the producers who want to ship alcohol into or out of Kentucky have realized a positive impact in that the licenses are issued in a much quicker and streamlined process than paper forms and mail. This amendment merely updates and formally codifies the online applications and the licensing portal.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially:

There is no cost to the agency as the licensing portal is built in-house.

(b) On a continuing basis:

There are no additional continuing costs to the agency as the licensing portal is built in-house.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation:

The agency utilizes licensing fees to meet its licensing and enforcement obligations.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

An increase in fees or funding is not necessary to implement this amendment.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

This amendment does not establish or increase any fees either directly or indirectly.

(9) TIERING: Is tiering applied?

There is no tiering applied as this amendment is simply to update forms used online for licensing applications and renewals.

FISCAL IMPACT STATEMENT

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation.

KRS 241.060(1) authorizes the board to promulgate reasonable regulations involving licensing, and KRS 13A.110 provides a statutory mandate that forms for license applications be promulgated.

(2) Identify the promulgating agency and any other affected state units, parts, or divisions:

Kentucky Department of Alcoholic Beverage Control.

(a) Estimate the following for the first year:

Expenditures:None

Revenues:None

Cost Savings:None

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

This amendment is to update forms incorporated by reference and will result in no changes to expenditures, revenues, or costs.

(3) Identify affected local entities (for example: cities, counties, fire departments, school districts):

These entities will not be affected by this amendment.

(a) Estimate the following for the first year:

Expenditures:None

Revenues:None

Cost Savings:None

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

This amendment updates materials incorporated by reference and does not affect expenditures, revenues, or costs.

(4) Identify additional regulated entities not listed in questions (2) or (3):

None

(a) Estimate the following for the first year:

Expenditures:N/A

Revenues:N/A

Cost Savings:N/A

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

N/A

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation:

There is no fiscal impact related to this amendment.

(b) Methodology and resources used to determine the fiscal impact:

N/A

(6) Explain:

(a) Whether this administrative regulation will have an overall negative or adverse major economic impact to the entities identified in questions (2) - (4). (\$500,000 or more, in aggregate)

This amendment, incorporating the online forms used to apply for and renew direct-to-consumer shipping licenses, has no negative or adverse impact.

(b) The methodology and resources used to reach this conclusion:

These forms make applying for and renewing licenses easier and faster while costing the applicant nothing to utilize them.