

AN ACT relating to alcoholic beverages.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 241.010 is amended to read as follows:

As used in this chapter and in KRS Chapters 242 and 243, unless the context requires otherwise:

- (1) "Alcohol" means ethyl alcohol, hydrated oxide of ethyl or spirit of wine, from whatever source or by whatever process it is produced;
- (2) "Alcoholic beverage" means every liquid or solid, whether patented or not, containing alcohol in an amount in excess of more than one percent (1%) of alcohol by volume, which is fit for beverage purposes. It includes every spurious or imitation liquor sold as, or under any name commonly used for, alcoholic beverages, whether containing any alcohol or not. It does not include the following products:
 - (a) Medicinal preparations manufactured in accordance with formulas prescribed by the United States Pharmacopoeia, National Formulary, or the American Institute of Homeopathy;
 - (b) Patented, patent, and proprietary medicines;
 - (c) Toilet, medicinal, and antiseptic preparations and solutions;
 - (d) Flavoring extracts and syrups;
 - (e) Denatured alcohol or denatured rum;
 - (f) Vinegar and preserved sweet cider;
 - (g) Wine for sacramental purposes; and
 - (h) Alcohol unfit for beverage purposes that is to be sold for legitimate external use;
- (3) (a) "Alcohol vaporizing device" or "AWOL device" means any device, machine, or process that mixes liquor, spirits, or any other alcohol product with pure oxygen or by any other means produces a vaporized alcoholic product used for

human consumption;

- (b) "Alcohol vaporizing device" or "AWOL device" does not include an inhaler, nebulizer, atomizer, or other device that is designed and intended by the manufacturer to dispense a prescribed or over-the-counter medication or a device installed and used by a licensee under this chapter to demonstrate the aroma of an alcoholic beverage;
- (4) "Automobile race track" means a facility primarily used for vehicle racing that has a seating capacity of at least thirty thousand (30,000) people;
- (5) "Board" means the State Alcoholic Beverage Control Board created by KRS 241.030;
- (6) "Bottle" means any container which is used for holding alcoholic beverages for the use and sale of alcoholic beverages at retail;
- (7) "Brewer" means any person who manufactures malt beverages or owns, occupies, carries on, works, or conducts any brewery, either alone or through an agent;
- (8) "Brewery" means any place or premises where malt beverages are manufactured for sale, and includes all offices, granaries, mash rooms, cooling rooms, vaults, yards, and storerooms connected with the premises; or where any part of the process of the manufacture of malt beverages is carried on; or where any apparatus connected with manufacture is kept or used; or where any of the products of brewing or fermentation are stored or kept;
- (9) "Building containing licensed premises" means the licensed premises themselves and includes the land, tract of land, or parking lot in which the premises are contained, and any part of any building connected by direct access or by an entrance which is under the ownership or control of the licensee by lease holdings or ownership;
- (10) "Caterer" means a corporation, partnership, or individual that operates the business of a food service professional by preparing food in a licensed and inspected

- commissary, transporting the food and alcoholic beverages to the caterer's designated and inspected banquet hall or to a location selected by the customer, and serving the food and alcoholic beverages to the customer's guests;
- (11) "Charitable organization" means a nonprofit entity recognized as exempt from federal taxation under section 501(c) of the Internal Revenue Code (26 U.S.C. sec. 501(c)) or any organization having been established and continuously operating within the Commonwealth of Kentucky for charitable purposes for three (3) years and which expends at least sixty percent (60%) of its gross revenue exclusively for religious, educational, literary, civic, fraternal, or patriotic purposes;
- (12) "Cider" means any fermented fruit-based beverage containing seven percent (7%) or more alcohol by volume and includes hard cider and perry cider;
- (13) "City administrator" means city alcoholic beverage control administrator;
- (14) "Commercial airport" means an airport through which more than five hundred thousand (500,000) passengers arrive or depart annually;
- (15) "Commissioner" means the commissioner of the Department of Alcoholic Beverage Control;
- (16) "Convention center" means any facility which, in its usual and customary business, provides seating for a minimum of one thousand (1,000) people and offers convention facilities and related services for seminars, training and educational purposes, trade association meetings, conventions, or civic and community events or for plays, theatrical productions, or cultural exhibitions;
- (17) "Convicted" and "conviction" means a finding of guilt resulting from a plea of guilty, the decision of a court, or the finding of a jury, irrespective of a pronouncement of judgment or the suspension of the judgment;
- (18) "County administrator" means county alcoholic beverage control administrator;
- (19) "Department" means the Department of Alcoholic Beverage Control;
- (20) "Dining car" means a railroad passenger car that serves meals to consumers on any

railroad or Pullman car company;

(21) "Discount in the usual course of business" means price reductions, rebates, refunds, and discounts given by wholesalers to distilled spirits and wine retailers pursuant to an agreement made at the time of the sale of the merchandise involved and are considered a part of the sales transaction, constituting reductions in price pursuant to the terms of the sale, irrespective of whether the quantity discount was:

(a) Prorated and allowed on each delivery;

(b) Given in a lump sum after the entire quantity of merchandise purchased had been delivered; or

(c) Based on dollar volume or on the quantity of merchandise purchased;

(22) "Distilled spirits" or "spirits" means any product capable of being consumed by a human being which contains alcohol in excess of the amount permitted by KRS Chapter 242 obtained by distilling, mixed with water or other substances in solution, except wine, hard cider, and malt beverages;

(23)~~(22)~~ "Distiller" means any person who is engaged in the business of manufacturing distilled spirits at any distillery in the state and is registered in the Office of the Collector of Internal Revenue for the United States at Louisville, Kentucky;

(24)~~(23)~~ "Distillery" means any place or premises where distilled spirits are manufactured for sale, and which are registered in the office of any collector of internal revenue for the United States. It includes any United States government bonded warehouse;

(25)~~(24)~~ "Distributor" means any person who distributes malt beverages for the purpose of being sold at retail;

(26)~~(25)~~ "Dry" means a territory in which a majority of the electorate voted to prohibit all forms of retail alcohol sales through a local option election held under KRS Chapter 242;

(27)~~[(26)]~~ "Election" means:

- (a) An election held for the purpose of taking the sense of the people as to the application or discontinuance of alcoholic beverage sales under KRS Chapter 242; or
- (b) Any other election not pertaining to alcohol;

(28)~~[(27)]~~ "Field representative" means any employee or agent of the department who is regularly employed and whose primary function is to travel from place to place for the purpose of visiting taxpayers, and any employee or agent of the department who is assigned, temporarily or permanently, by the commissioner to duty outside the main office of the department at Frankfort, in connection with the administration of alcoholic beverage statutes;

(29)~~[(28)]~~ "Horse racetrack" means a facility licensed to conduct a horse race meeting under KRS Chapter 230;

(30)~~[(29)]~~ "Hotel" means a hotel, motel, or inn for accommodation of the traveling public, designed primarily to serve transient patrons;

(31)~~[(30)]~~ "License" means any license issued pursuant to KRS Chapters 241 to 244;

(32)~~[(31)]~~ "Licensee" means any person to whom a license has been issued, pursuant to KRS Chapters 241 to 244;

(33)~~[(32)]~~ "Limited restaurant" means:

- (a) A facility where the usual and customary business is the serving of meals to consumers, which has a bona fide kitchen facility, which receives at least seventy percent (70%) of its gross receipts from the sale of food, which maintains a minimum seating capacity of one hundred (100) persons for dining, and which is located in a wet or moist territory under KRS 242.1244(2); or
- (b) A facility where the usual and customary business is the serving of meals to consumers, which has a bona fide kitchen facility, which receives at least

seventy percent (70%) of its gross receipts from the sale of food, which maintains a minimum seating capacity of fifty (50) persons for dining, which has no open bar, which requires that alcoholic beverages be sold in conjunction with the sale of a meal, and which is located in a wet or moist territory under KRS 242.1244;

~~(34)~~~~(33)~~ "Malt beverage" means any fermented undistilled alcoholic beverage of any name or description, manufactured from malt wholly or in part, or from any substitute for malt, and includes weak cider;

~~(35)~~~~(34)~~ "Manufacture" means distill, rectify, brew, bottle, and operate a winery;

~~(36)~~~~(35)~~ "Manufacturer" means a winery, distiller, rectifier, or brewer, and any other person engaged in the production or bottling of alcoholic beverages;

~~(37)~~~~(36)~~ "Minor" means any person who is not twenty-one (21) years of age or older;

~~(38)~~~~(37)~~ "Moist" means a territory in which a majority of the electorate voted to permit limited alcohol sales by any one (1) or a combination of special limited local option elections authorized by KRS 242.022, 242.123, 242.1238, 242.124, 242.1242, 242.1244, or 242.1292 **or Section 2 of this Act**;

~~(39)~~~~(38)~~ "Premises" means the land and building in and upon which any business regulated by alcoholic beverage statutes is operated or carried on. "Premises" shall not include as a single unit two (2) or more separate businesses of one (1) owner on the same lot or tract of land, in the same or in different buildings if physical and permanent separation of the premises is maintained, excluding employee access by keyed entry and emergency exits equipped with crash bars, and each has a separate public entrance accessible directly from the sidewalk or parking lot. Any licensee holding an alcoholic beverage license on July 15, 1998, shall not, by reason of this subsection, be ineligible to continue to hold his or her license or obtain a renewal, of the license;

~~(40)~~~~(39)~~ "Private club" means a nonprofit social, fraternal, military, or political

organization, club, or entity maintaining or operating a club room, club rooms, or premises from which the general public is excluded;

~~(41)~~~~(40)~~ "Public nuisance" means a condition that endangers safety or health, is offensive to the senses, or obstructs the free use of property so as to interfere with the comfortable enjoyment of life or property by a community or neighborhood or by any considerable number of persons;

~~(42)~~~~(41)~~ "Qualified historic site" means a contributing property with dining facilities for at least fifty (50) persons at tables, booths, or bars where food may be served within a commercial district listed in the National Register of Historic Places, or a site that is listed as a National Historic Landmark or in the National Register of Historic Places with dining facilities for at least fifty (50) persons at tables, booths, or bars where food may be served. Notwithstanding the provisions of this subsection:

- (a) A distillery which is listed as a National Historic Landmark and which conducts souvenir retail package sales under KRS 243.0305; and
- (b) A not-for-profit or nonprofit facility listed on the National Register of Historic Places;

shall be deemed a "qualified historic site" under this section;

~~(43)~~~~(42)~~ "Rectifier" means any person who rectifies, purifies, or refines distilled spirits or wine by any process other than as provided for on distillery premises, and every person who, without rectifying, purifying, or refining distilled spirits by mixing alcoholic beverages with any materials, manufactures any imitations of or compounds liquors for sale under the name of whiskey, brandy, gin, rum, wine, spirits, cordials, bitters, or any other name;

~~(44)~~~~(43)~~ "Repackaging" means the placing of alcoholic beverages in any retail container irrespective of the material from which the container is made;

~~(45)~~~~(44)~~ "Restaurant" means a facility where the usual and customary business is the

servicing of meals to consumers, that has a bona fide kitchen facility, and that receives at least fifty percent (50%) of its food and beverage receipts from the sale of food;

(46)~~((45))~~ "Retail container" means any bottle, can, barrel, or other container which, without a separable intermediate container, holds alcoholic beverages and is suitable and destined for sale to a retail outlet, whether it is suitable for delivery to the consumer or not;

(47)~~((46))~~ "Retail outlet" means retailer, hotel, motel, restaurant, railroad dining car, club, and any facility where alcoholic beverages are sold directly to the consumers;

(48)~~((47))~~ "Retail sale" means any sale where delivery is made in Kentucky to any consumers;

(49)~~((48))~~ "Retailer" means any person who sells at retail any alcoholic beverage for the sale of which a license is required;

(50)~~((49))~~ "Riverboat" means any boat or vessel with a regular place of mooring in this state that is licensed by the United States Coast Guard to carry one hundred (100) or more passengers for hire on navigable waters in or adjacent to this state;

(51)~~((50))~~ "Sale" means any transfer, exchange, or barter for consideration, and includes all sales made by any person, whether principal, proprietor, agent, servant, or employee, of any alcoholic beverage;

(52)~~((51))~~ "Service bar" means a bar, counter, shelving, or similar structure used for storing or stocking supplies of alcoholic beverages that is a workstation where employees prepare alcoholic beverage drinks to be delivered to customers away from the service bar. A service bar shall be located in an area where the general public, guests, or patrons are prohibited;

(53)~~((52))~~ "Sell" includes solicit or receive an order for, keep or expose for sale, keep with intent to sell, and the delivery of any alcoholic beverage;

(54)~~((53))~~ "Small farm winery" means a winery producing wines, in an amount not to

exceed fifty thousand (50,000) gallons in a calendar year;

(55)~~(54)~~ "Souvenir package" means a special package of ***distilled spirits available from a licensed retailer that is:***~~[Kentucky straight bourbon whiskey]~~

(a) Available for retail sale at a licensed Kentucky distillery where the ***distilled spirits were***~~[whiskey was]~~ produced or bottled; ***or***

(b) ***Available for retail sale at a licensed Kentucky distillery but produced or bottled at another of that distiller's licensed distilleries in Kentucky***~~[that is available from a licensed retailer];~~

(56)~~(55)~~ "State director" means the director of the Division of Distilled Spirits or the director of the Division of Malt Beverages, or both, as the context requires;

(57)~~(56)~~ "State park" means a state park that has a:

(a) Nine (9) or eighteen (18) hole golf course; or

(b) Full-service lodge and dining room, and may include a nine (9) or eighteen (18) hole golf course;

(58)~~(57)~~ "Supplemental bar" means a bar, counter, shelving, or similar structure used for serving and selling distilled spirits or wine by the drink for consumption on the licensed premises to guests and patrons from additional locations other than the main bar. A supplemental bar shall be continuously constructed and accessible to patrons for distilled spirits or wine sales or service without physical separation by walls, doors, or similar structures;

(59)~~(58)~~ "Territory" means a county, city, district, or precinct;

(60)~~(59)~~ "Vehicle" means any device or animal used to carry, convey, transport, or otherwise move alcoholic beverages or any products, equipment, or appurtenances used to manufacture, bottle, or sell these beverages;

(61)~~(60)~~ "Warehouse" means any place in which alcoholic beverages are housed or stored;

(62)~~(61)~~ "Weak cider" means any fermented fruit-based beverage containing more than

one percent (1%) but less than seven percent (7%) alcohol by volume;

~~(63)~~ "Wet" means a territory in which a majority of the electorate voted to permit all forms of retail alcohol sales by a local option election under KRS 242.050, 242.125, or 242.1292 on the following question: "Are you in favor of the sale of alcoholic beverages in (name of territory)?"

~~(64)~~ "Wholesale sale" means a sale to any person for the purpose of resale;

~~(65)~~ "Wholesaler" means any person who distributes alcoholic beverages for the purpose of being sold at retail, but it shall not include a subsidiary of a manufacturer or cooperative of a retail outlet;

~~(66)~~ "Wine" means the product of the normal alcoholic fermentation of the juices of fruits, with the usual processes of manufacture and normal additions, and includes champagne and sparkling and fortified wine of an alcoholic content not to exceed twenty-four percent (24%) by volume. It includes sake, cider, hard cider, and perry cider and also includes preparations or mixtures vended in retail containers if these preparations or mixtures contain not more than fifteen percent (15%) of alcohol by volume. It does not include weak cider; and

~~(67)~~ "Winery" means any place or premises in which wine is manufactured from any fruit, or brandies are distilled as a by-product of wine or other fruit, or cordials are compounded, except a place or premises that manufactures wine for sacramental purposes exclusively.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 242 IS CREATED TO READ AS FOLLOWS:

(1) To promote economic development and tourism in any dry or moist county or city in which a distillery is located, a local option election for the sale of alcoholic beverages may be held in a city or county precinct where the distillery is located, notwithstanding any other provision of the Kentucky Revised Statutes.

(2) A petition seeking a local option election under this section shall state "We the

undersigned registered voters hereby petition for an election on the following question: 'Are you in favor of the sale of alcoholic beverages at distilleries located in (name of precinct)?''.

(3) When a majority of the votes cast in an election held under subsections (1) and (2) of this section are in favor of establishing moist territory, the premises of the distilleries located in that precinct shall become moist in the manner specified in KRS 242.200.

➔Section 3. KRS 243.030 is amended to read as follows:

The following kinds of distilled spirits and wine licenses may be issued by the director of the Division of Distilled Spirits, the fees for which shall be:

- (1) Distiller's license:
 - (a) Class A, per annum\$3,090.00
 - (b) Class B (craft distillery), per annum\$1,000.00
- (2) Rectifier's license:
 - (a) Class A, per annum\$2,580.00
 - (b) Class B (craft rectifier), per annum\$825.00
- (3) Winery license, per annum\$1,030.00
- (4) Small farm winery license, per annum\$110.00
 - (a) Small farm winery off-premises retail license, per annum\$30.00
- (5) Wholesaler's license, per annum\$2,060.00
- (6) Quota retail package license, per annum.....\$570.00
- (7) Quota retail drink license, per annum\$620.00
- (8) Transporter's license, per annum\$210.00
- (9) Special nonbeverage alcohol license, per annum\$60.00
- (10) Special agent's or solicitor's license, per annum\$30.00
- (11) Bottling house or bottling house storage license,
 - per annum\$1,030.00

(12) Special temporary license, per event	\$90.00
(13) Special Sunday retail drink license, per annum	\$520.00
(14) Caterer's license, per annum	\$830.00
(15) Special temporary <u>alcoholic beverage</u> [distilled spirits and wine] auction license, per event	\$110.00
(16) Extended hours supplemental license, per annum	\$2,060.00
(17) Hotel in-room license, per annum	\$210.00
(18) Air transporter license, per annum	\$520.00
(19) Sampling license, per annum	\$110.00
(20) Replacement or duplicate license	\$25.00
(21) Entertainment destination license, per annum	\$7,730.00
(22) Limited restaurant license, per annum	\$780.00
(23) Limited golf course license, per annum	\$720.00
(24) Small farm winery wholesaler's license, per annum	\$110.00
(25) Qualified historic site license (includes distilled spirits, wine, and malt beverages by the drink), per annum	\$1,030.00
(26) Nonquota type 1 license, per annum	\$4,120.00
(27) Nonquota type 2 license, per annum	\$830.00
(28) Nonquota type 3 license:	
<u>(a) Class A, per annum</u>	<u>\$830.00</u>
<u>(b) Class B, per annum.....</u>	<u>\$310.00</u>
(29) Distilled spirits and wine storage license, per annum	\$620.00
(30) Out-of-state distilled spirits and wine supplier's license, per annum	\$1,550.00
(31) Limited out-of-state distilled spirits and wine supplier's license, per annum	\$260.00
(32) Micro out-of-state distilled spirits and wine supplier's license, per annum	\$10.00

- (33) A nonrefundable fee of sixty dollars (\$60) shall be charged to process each new transitional license pursuant to KRS 243.045.
- (34) Other special licenses the board finds necessary for the proper regulation and control of the traffic in distilled spirits and wine and provides for by administrative regulation. In establishing the amount of license taxes that are required to be fixed by the board, it shall have regard for the value of the privilege granted.
- (35) The fee for each of the first five (5) supplemental bar licenses shall be the same as the fee for the primary retail drink license. There shall be no charge for each supplemental license issued in excess of five (5) to the same licensee at the same premises.

A nonrefundable application fee of fifty dollars (\$50) shall be charged to process each new application under this section, except for subsections (4), (8), (9), (10), (12), (15), (19), and (20) of this section. The application fee shall be applied to the licensing fee if the license is issued; otherwise it shall be retained by the department.

➔Section 4. KRS 243.0305 is amended to read as follows:

- (1) Any licensed Kentucky distiller that is located in wet territory *or any precinct that has authorized the limited sale of alcoholic beverages at distilleries under Section 2 of this Act* and that has a gift shop or other retail outlet on its premises may conduct the activities permitted under this section as a part of its distiller's license.
- (2) A wholesaler registered to distribute the brands of any distiller may permit the distiller to deliver a souvenir package directly from the distillery proper to *any*~~the~~ portion of the distillery premises~~operated by the licensee for the sale of souvenir packages~~. However, all direct shipments shall be invoiced from the distiller to the wholesaler and from the wholesaler to the distiller, and all products directly shipped shall be included in the wholesaler's inventory and depletions for purposes of tax collections imposed pursuant to KRS 243.710 to 243.895 and 243.990.
- (3) A distiller may sell souvenir packages at retail to distillery visitors of legal drinking

age, in quantities not to exceed an aggregate of nine (9)~~three (3)~~ liters per visitor per day~~], with the exception of a purchase by a partnership, limited liability partnership, corporation, limited liability company, or other business entity holding an event on the premises of the distillery, in which case the limitation shall be one~~ (1) liter per visitor attending the event. These sales shall be permitted only through the gift shop or other retail outlet on the distiller's premises].

(4) Hours of sale for souvenir packages at retail shall be in conformity with KRS 244.290(3)~~[9 a.m. until 9 p.m. prevailing time Monday through Saturday. The licensed premises may remain open if it has a separate department pursuant to KRS 244.290(1)]~~.

(5) Except as provided in this section, souvenir package sales shall be governed by all the statutes and administrative regulations governing the retail sale of distilled spirits by the package.

(6) No wholesaler may restrict the sale of souvenir packages to the distiller of origin exclusively, but shall make souvenir packages available to any Kentucky retail licensee licensed for the sale of distilled spirits by the package.

(7) Notwithstanding any provision of Section 15 of this Act to the contrary, a distillery holding a sampling license may allow visitors to sample distilled spirits under the following conditions:

(a) Sampling shall be permitted only on the licensed premises during regular business hours;

(b) A distillery shall not charge for the samples; and

(c) A distillery shall not provide more than one and three-fourths (1.75) ounces of samples per visitor per day.

(8) In accordance with this section, a distillery located in any territory that has approved the limited sale of alcoholic beverages under an election held pursuant to Section 2 of this Act may:

- (a) Hold an NQ3 retail drink license for the sale of alcoholic beverages on the distillery premises. Notwithstanding KRS 243.110, a licensed distiller may also hold any of the retail licenses available to it under this section;
- (b) Sell alcoholic beverages produced or bottled on the premises of its Kentucky licensed distillery for on-premises purposes without having to transfer physical possession of those alcoholic beverages to a licensed wholesaler if:
1. All direct shipments are invoiced from the distiller to its wholesaler and from the wholesaler to the distiller; and
 2. All products directly shipped are included in the wholesaler's inventory and depletions for purposes of tax collections imposed pursuant to KRS 243.710 to 243.895 and 243.990; and
- (c) Employ persons to engage in the sale or service of alcohol under an NQ3 license, if each employee completes the department's STAR training program within thirty (30) days of the beginning of his or her employment.
- (9) Except as expressly stated in this section, this section does not exempt the holder of a distiller's license from:
- (a) The provisions of KRS Chapters 241 to 244;
 - (b) The administrative regulations of the board; and
 - (c) Regulation by the board at all the distiller's licensed premises.
- (10) Nothing in this section shall be construed to vitiate the policy of this Commonwealth supporting an orderly three (3) tier system for the production and sale of alcoholic beverages.

➔Section 5. KRS 243.033 is amended to read as follows:

- (1) A caterer's license may be issued as a supplementary license to a caterer that holds a quota retail package license, a quota retail drink license, an NQ1 license, an NQ2 license, or a limited restaurant license.
- (2) The caterer's license may be issued as a primary license to a caterer in any wet

territory or in any moist territory under KRS 242.1244 for the premises that serves as the caterer's commissary and designated banquet hall. No primary caterer's license shall be issued to a premises that operates as a restaurant. The alcoholic beverage stock of the caterer shall be kept under lock and key at the licensed premises during the time that the alcoholic beverages are not being used in conjunction with a catered function.

- (3) The caterer's license shall authorize the caterer to:
- (a) Purchase and store alcoholic beverages in the manner prescribed in KRS 243.088, 243.250, and 244.310;
 - (b) Transport, sell, serve, and deliver malt beverages by the drink at locations away from the licensed premises or at the caterer's designated banquet hall in conjunction with the catering of food and malt beverages for a customer and his or her guests, in:
 - 1. Cities and counties established as moist territory under KRS 242.1244 if the receipts from the catering of food at any catered event are at least seventy percent (70%) of the gross receipts from the catering of both food and malt beverages; or
 - 2. All other wet territory if the receipts from the catering of food at any catered event are at least thirty-five percent (35%) of the gross receipts from the catering of both food and malt beverages;
 - (c) Transport, sell, serve, and deliver distilled spirits and wine by the drink at locations away from the licensed premises or at the caterer's designated banquet hall in conjunction with the catering of food and alcoholic beverages for a customer and his or her guests, in:
 - 1. Cities and counties established as moist territory under KRS 242.1244 if the receipts from the catering of food at any catered event are at least seventy percent (70%) of the gross receipts from the catering of both

- food and alcoholic beverages;
2. Cities and counties established as wet territory permitting distilled spirits and wine drink sales by ordinance under KRS 243.072 if the receipts from the catering of food at any catered event are at least fifty percent (50%) of the gross receipts from the catering of both food and alcoholic beverages; or
 3. All other wet territory in which the sale of distilled spirits and wine by the drink is authorized if the receipts from the catering of food at any catered event are at least thirty-five percent (35%) of the gross receipts from the catering of both food and alcoholic beverages;
- (d) Receive and fill telephone orders for alcoholic beverages in conjunction with the ordering of food for a catered event; and
 - (e) Receive payment for alcoholic beverages served at a catered event on a by-the-drink or by-the-event basis. The caterer may bill the host for by-the-function sales of alcoholic beverages in the usual course of the caterer's business.
- (4) A caterer licensee shall not cater alcoholic beverages at locations for which retail alcoholic beverage licenses or special temporary licenses have been issued. A caterer licensee may cater a fundraising event for which a special temporary **alcoholic beverage**~~[distilled spirits and wine]~~ auction license has been issued under KRS 243.036.
 - (5) A caterer licensee shall not cater distilled spirits and wine on Sunday except in territory in which the Sunday sale of distilled spirits and wine is permitted under the provisions of KRS 244.290 and 244.295. A caterer licensee shall not cater malt beverages on Sunday except in territory in which the Sunday sale of malt beverages is permitted under the provisions of KRS 244.480.
 - (6) **A caterer licensee may cater alcoholic beverages at a private party or special**

event at a nonfederally bonded portion of the licensed premises of a distillery.

(7) The location at which alcoholic beverages are sold, served, and delivered by a caterer, pursuant to this section, shall not constitute a public place for the purpose of KRS Chapter 222. If the location is a multi-unit structure, only the unit or units at which the function being catered is held shall be excluded from the public place provisions of KRS Chapter 222.

(8)~~(7)~~ The caterer licensee shall post a copy of his or her caterer's license at the location of the function for which alcoholic beverages are catered.

(9)~~(8)~~ The name and license numbers of the caterer shall be painted or securely attached, in a contrasting color, in a form prescribed by the board by promulgation of an administrative regulation, upon all vehicles used by the caterer to transport alcoholic beverages.

(10)~~(9)~~ All restrictions and prohibitions applying to a distilled spirits and wine quota retail drink licensee not inconsistent with this section shall apply to the caterer licensee.

(11)~~(10)~~ The caterer licensee shall maintain records as set forth in KRS 244.150 and in administrative regulations promulgated by the board.

➔Section 6. KRS 243.034 is amended to read as follows:

(1) A limited restaurant license may be issued to an establishment meeting the **definition** criteria established in **subsection (33) of Section 1 of this Act**~~KRS 241.010(32)~~ as long as the establishment is within:

(a) Any wet territory; or

(b) Any moist precinct that has authorized the sale of alcoholic beverages under KRS 242.1244.

(2) A limited restaurant license shall authorize the licensee to purchase, receive, possess, and sell distilled spirits, wine, and malt beverages at retail by the drink for consumption on the licensed premises. The licensee shall purchase distilled spirits,

wine, and malt beverages only from licensed wholesalers or distributors. The license shall not authorize the licensee to sell distilled spirits, wine, or malt beverages by the package.

- (3) The holder of a limited restaurant license shall maintain at least seventy percent (70%) of its gross receipts from the sale of food and maintain the minimum applicable seating requirement required for the type of limited restaurant license.
- (4) (a) A limited restaurant as defined by subsection (33)(b) of Section 1 of this Act~~[KRS 241.010(32)(b)]~~ shall:
1. Only sell distilled spirits, wine, and malt beverages incidental to the sale of a meal; and
 2. Not have an open bar and shall not sell distilled spirits, wine, and malt beverages to any person who has not purchased or does not purchase a meal.
- (b) Distilled spirits, wine, and malt beverages shall be deemed to be purchased in conjunction with a meal if the distilled spirits, wine, and malt beverages are served after the meal is ordered and no more than one-half (1/2) hour after the meal is completed.

➔Section 7. KRS 243.036 is amended to read as follows:

- (1) A special temporary alcoholic beverage~~[distilled spirits and wine]~~ auction license may be issued to a charitable organization~~[, upon the payment of the fee set forth in KRS 243.030 and upon satisfaction of the requirements prescribed by administrative regulation promulgated by the department].~~
- (2) A special temporary alcoholic beverage~~[distilled spirits and wine]~~ auction license shall authorize the charitable organization to:
- (a) Purchase, transport, receive, possess, store, sell, and deliver alcoholic beverages~~[distilled spirits and wine]~~ to be sold at charity events by auction or by raffle~~[in the manner prescribed by administrative regulation promulgated~~

- by the department];
- (b) *Purchase, transport, receive, possess, store, sell, and deliver limited specially labeled bottles of distilled spirits, wine, and malt beverages to be sold at charity events in the manner prescribed by administrative regulations promulgated by the board;*
- (c) Obtain *alcoholic beverages*~~[distilled spirits and wine]~~ from distillers, rectifiers, wineries, *small farm wineries, brewers, microbreweries,* wholesalers, distributors, retailers, or any other person, by gift or donation, for the purpose of charity auctions *or raffles*~~[in the manner prescribed by administrative regulation promulgated by the department];~~ and
- ~~(d)~~~~(e)~~ Receive payment for *alcoholic beverages*~~[distilled spirits and wine]~~ sold at auctions *or by raffles*~~[in the manner prescribed by administrative regulation promulgated by the department].~~
- (3) Each *alcoholic beverage*~~[distilled spirits and wine]~~ auction *or raffle* conducted by a charitable organization shall be subject to all restrictions and limitations contained in KRS Chapters 241 to 244 and the administrative regulations issued under those chapters and shall be authorized only on the days and only during the hours that the sale of alcoholic beverages is otherwise authorized in the county or municipality.
- (4) The location at which the *alcoholic beverages*~~[distilled spirits and wine]~~ are auctioned *or raffled* under this section shall not constitute a public place for the purpose of KRS Chapter 222. *Alcoholic beverage*~~[Distilled spirits and wine]~~ auctions *or raffles* may be conducted on licensed or unlicensed premises. The charitable organization possessing a special temporary *alcoholic beverage*~~[distilled spirits and wine]~~ auction license shall post a copy of the license at the location of the auction *or raffle*. During this period not more than one (1) auction shall be held.
- (5) A special temporary *alcoholic beverage*~~[distilled spirits and wine]~~ auction license shall not be issued for any period longer than thirty (30) days. During this period not

more than one (1) auction shall be held.

(6) Notwithstanding any other provision of KRS Chapters 241 to 244, a distiller, rectifier, winery, **small farm winery, brewer, microbrewery**, wholesaler, distributor, or retailer may donate, give away, or deliver any of its products to a charitable organization possessing a special temporary **alcoholic beverage**~~[distilled spirits and wine]~~ auction license under this section.

(7) All restrictions and prohibitions applying to **an alcoholic beverage**~~[a distilled spirits and wine]~~ retail package and **alcoholic beverage**~~[distilled spirits and wine]~~ by the drink license, not inconsistent with this section, shall apply to a special temporary **alcoholic beverage**~~[distilled spirits and wine]~~ auction license.

➔Section 8. KRS 243.060 is amended to read as follows:

(1) The fiscal court of each county or a consolidated local government in which traffic in alcoholic beverages is not prohibited under KRS Chapter 242 may impose license fees for the privilege of trafficking in alcoholic beverages. These licenses may be issued by the county or consolidated local government administrator. The license fees are subject to the provisions of subsections (2) to (6) of this section, and shall not exceed the following:

(a) Quota retail package license, per annum:

- 1. In counties containing a consolidated local government\$1,200.00
- 2. In all other counties\$1,000.00

(b) Quota retail drink license, per annum:

- 1. In counties containing a consolidated local government\$1,600.00
- 2. In all other counties\$1,000.00

(c) Nonquota type 2 retail drink license (includes distilled spirits, wine, and malt beverages), per annum:

- 1. In counties containing a consolidated local government.....\$1,800.00
- 2. In all other counties....\$1,000.00

(d) Nonquota type 3 retail drink license (includes distilled spirits, wine, and malt beverages):

1. Class A, per annum:

a. In counties containing a

consolidated local government.....\$1,800.00

b. In all other counties.....\$1,000.00

2. Class B, per annum

.....\$300.00

(e) Special temporary license, per event:

1. In counties containing a consolidated local government.....\$266.66

2. In all other counties\$166.66

(f) Special Sunday retail drink license, per annum\$300.00

(g) Nonquota retail malt beverage package license, per annum.....\$400.00

(h) Nonquota type 4 retail malt beverage drink license, per annum.....\$400.00

(i) Limited restaurant license (includes distilled spirits, wine, and malt beverages), per annum:

1. In counties containing a consolidated local government.....\$2,000.00

2. In all other counties.....\$1,400.00

(j) Limited golf course license (includes distilled spirits, wine, and malt beverages), per annum:

1. In counties containing a consolidated local government.....\$2,000.00

2. In all other counties.....\$1,400.00

(2) The fee for the following license types may not be increased by more than five percent (5%) above the January 1, 2013, fee for the current license or the former license type listed beside it, during any five (5) year period. The fees for the licenses described in this subsection are still subject to the maximum amounts listed for those licenses in subsection (1) of this section:

- (a) Quota retail package license: retail package liquor license;
 - (b) Quota retail drink license: retail drink license;
 - (c) Nonquota type 2 retail drink license: restaurant drink license;
 - (d) Nonquota retail malt beverage package license: retail malt beverage license;
 - (e) Nonquota type 4 retail malt beverage drink license: retail malt beverage license;
 - (f) Limited restaurant license; and
 - (g) Limited golf course license.
- (3) The fee for each of the first five (5) supplemental bar licenses shall be the same as the fee for the primary drink license. There shall be no charge for each supplemental license issued in excess of five (5) to the same licensee at the same premises.
- (4) The holder of a nonquota retail malt beverage package license may obtain a Nonquota type 4 malt beverage drink license for a fee of fifty dollars (\$50). The holder of a Nonquota type 4 malt beverage drink license may obtain a nonquota retail malt beverage package license for a fee of fifty dollars (\$50).
- (5) Any amount paid to any city within the county as a license fee for the same privilege for the same year may be credited against the county license fee.
- (6) If any part of this section is held invalid, all of this section and of KRS 243.600 shall also be considered invalid.

➔Section 9. KRS 243.070 is amended to read as follows:

- (1) The legislative body of any city or a consolidated local government in which traffic in alcoholic beverages is not prohibited under KRS Chapter 242 may impose license fees for the privilege of manufacturing and trafficking in alcoholic beverages. Only those licenses set out in this section shall be issued. The license fees are subject to the provisions of subsections (16), (17), and (18) of this section, and shall not exceed the amounts specified in subsections (2) to (15) of this section.
- (2) Distilled spirit licenses as set forth in KRS 243.030:

- (a) Distiller's license, per annum\$500.00
- (b) Rectifier's license:
 - 1. Class A, per annum\$3,000.00
 - 2. Class B, per annum**\$960.00**
- (c) Wholesaler's distilled spirits and wine license, per annum\$3,000.00
- (d) Quota retail package license, per annum:
 - 1. In counties containing a consolidated local government\$1,200.00
 - 2. In all other counties\$1,000.00
- (3) Quota retail drink license, per annum:
 - (a) In counties containing a consolidated local government\$1,600.00
 - (b) In all other counties.....\$1,000.00
- (4) Special temporary license, per event:
 - (a) In counties containing a consolidated local government\$266.66
 - (b) In all other counties.....\$166.66
- (5) Nonquota type 1 retail drink license (includes distilled spirits, wine, and malt beverages), per annum\$2,000.00
- (6) Nonquota type 2 retail drink license (includes distilled spirits, wine, and malt beverages), per annum:
 - (a) In counties containing a consolidated local government\$1,800.00
 - (b) In all other counties\$1,000.00
- (7) Nonquota type 3 retail drink license (includes distilled spirits, wine, and malt beverages):
 - (a) Class A, per annum:
 - 1. In counties containing a consolidated local government**\$1,800.00**
 - 2. In all other counties.....**\$1,000.00**
 - (b) Class B, per annum
 -\$300.00

- (8) ~~[Distilled spirits and wine]~~ Special temporary **alcoholic beverage** auction license, per event\$200.00
- (9) Special Sunday retail drink license, per annum\$300.00
- (10) Extended hours supplemental license, per annum\$2,000.00
- (11) Caterer's license, per annum\$800.00
- (12) Bottling house or bottling house storage license, per annum\$1,000.00
- (13) Malt beverage licenses as follows:
- (a) Brewer's license, per annum\$500.00
 - (b) Microbrewery license, per annum\$500.00
 - (c) Malt beverage distributor's license, per annum\$400.00
 - (d) Nonquota retail malt beverage package license, per annum\$200.00
 - (e) Nonquota type 4 retail malt beverage drink license, per annum.....\$200.00
 - (f) Malt beverage brew-on-premises license, per annum\$100.00
- (14) Limited restaurant license (includes distilled spirits, wine, and malt beverages), per annum:
- (a) In counties containing a consolidated local government\$1,800.00
 - (b) In all other counties.....\$1,200.00
- (15) Limited golf course license (includes distilled spirits, wine, and malt beverages), per annum:
- (a) In counties containing a consolidated local government\$1,800.00
 - (b) In all other counties\$1,200.00
- (16) The fee for the following license types may not be increased by more than five percent (5%) above the January 1, 2013, fee for the current license or the former license type listed beside it, during any five (5) year period. The fees for the licenses described in this subsection are still subject to the maximum amounts listed for those licenses in subsections (2) to (15) of this section:
- (a) Quota retail package license: retail package liquor license;

- (b) Quota retail drink license: retail drink license;
 - (c) Nonquota type 1 retail drink license: convention center or convention hotel complex license;
 - (d) Nonquota type 2 retail drink license: restaurant drink license;
 - (e) Nonquota retail malt beverage package license: retail malt beverage license;
 - (f) Nonquota type 4 retail malt beverage drink license: retail malt beverage license;
 - (g) Limited restaurant license; and
 - (h) Limited golf course license.
- (17) The fee for each of the first five (5) supplemental bar licenses shall be the same as the fee for the primary drink license. There shall be no charge for each supplemental license issued in excess of five (5) to the same licensee at the same premises.
- (18) The holder of a nonquota retail malt beverage package license may obtain a Nonquota type 4 malt beverage drink license for a fee of fifty dollars (\$50). The holder of a Nonquota type 4 malt beverage drink license may obtain a nonquota retail malt beverage package license for a fee of fifty dollars (\$50).

➔Section 10. KRS 243.086 is amended to read as follows:

- (1) A "Nonquota type 3" or "NQ3" retail drink license may be issued to:
- (a) A private club in existence for longer than one (1) year prior to the license application;~~[-or]~~
 - (b) A dining car; **or**
 - (c) **A distiller.**
- (2) An NQ3 retail drink license issued to a private club shall authorize the licensee to exercise the privileges of an NQ2 retail drink licensee, at the designated premises if the general public is excluded.
- (3) An NQ3 retail drink license issued to a dining car shall authorize the licensee to exercise the privileges of an NQ2 retail drink licensee and shall also authorize the

licensee to sell distilled spirits and wine by the package, only on the designated dining car identified in the NQ3 license.

(4) An NO3 retail drink license issued to a distiller shall authorize the licensee to exercise the privileges of an NO2 retail drink license at the designated premises.

(5) (a) An NO3 retail drink license issued to a distiller shall be designated a Class A NO3 retail drink license; and

(b) An NO3 retail drink license issued to a private club or dining car shall be designated a Class B NO3 retail drink license.

➔Section 11. KRS 243.090 is amended to read as follows:

(1) All licenses issued by the department, except special event licenses, temporary licenses, or licenses listed in subsection ~~(5)~~~~(4)~~ of this section, shall be valid for a period of no more than a year. The department shall promulgate administrative regulations establishing the year-round system for renewal of licenses. The system shall be designed to distribute the workload as uniformly as possible within the offices of the local administrators and the Department of Alcoholic Beverage Control.

(2) **(a) Except for licenses listed in paragraph (b) of this subsection, all licenses issued after January 1, 2017, by a county or city administrator shall be valid for a period of no more than a year and shall be renewable upon the date established by the department for the expiration of state licenses issued for premises located in that county or city. During the first year following the effective date of this Act, if the new date for renewal for the licensee does not occur on the date established by the department for the expiration of the licensee's state license, the city or county administrator shall either:**

1. Prorate the cost of the renewed license by proportionally reducing the cost of the renewed license if the new date for the renewal occurs prior to the expiration of a previous license; or

2. Provide a prorated provisional local license to cover any period of time between the expiration of the previous license and the new date for renewal if the new date for renewal occurs after the expiration of the licensee's previous license.

(b) Paragraph (a) of this subsection shall not apply to licenses issued by a consolidated local government, special event licenses, temporary licenses, or licenses listed in subsection (5) of this section.

(3) When any person applies for a new license authorized under KRS Chapters 241 to 244, he or she shall be charged, if the license is issued, the full fee for the respective license if six (6) months or more remain before the license is due to be renewed and one-half (1/2) the fee if less than six (6) months remain before the license is due to be renewed. No abatement of license fees shall be permitted to any person who held a license of the same kind for the same premises in the preceding license period and who was actually doing business under the license during the last month of the preceding license period.

~~(4)~~~~(3)~~ The renewal by the department of ~~the certificate or permit of~~ any alcoholic beverage license shall not be construed to waive or condone any violation that occurred prior to the renewal and shall not prevent subsequent proceedings against the licensee.

~~(5)~~~~(4)~~ All alcoholic beverage producers, wholesalers, or distributors may obtain or renew their licenses for either a one (1) year term or a two (2) year term.

➔Section 12. KRS 243.120 is amended to read as follows:

(1) A distiller's, rectifier's, or winery license shall authorize the licensee to engage in the business of distiller, rectifier, or winery at the premises specifically designated in the license, to maintain aging warehouses, and to transport for himself or herself only any alcoholic beverage which he or she is authorized under the license to manufacture or sell. The licensee shall transport alcoholic beverages only by a

vehicle operated by himself or herself, which has affixed to its sides at all times a sign of form and size prescribed by the state board, containing among other things the name and license number of the licensee. No distilled spirits or wine shall be transported on the same truck or vehicle with malt beverages, except by a common carrier, unless the owner of the truck or vehicle holds a distributor's license.

- (2) (a) Distillers that produce more than fifty thousand (50,000) gallons of distilled spirits per calendar year at the premises shall obtain a distiller's license, Class A.
- (b) Distillers that produce fifty thousand (50,000) gallons or less of distilled spirits per calendar year at the premises shall obtain a distiller's license, Class B (craft distillery).
- (3) (a) Rectifiers that rectify more than fifty thousand (50,000) gallons of distilled spirits per calendar year at the premises shall obtain a rectifier's license, Class A.
- (b) Rectifiers that rectify fifty thousand (50,000) gallons or less of distilled spirits per calendar year at the premises shall obtain a rectifier's license, Class B (craft rectifier).
- (4) (a) A distiller that is located in wet territory, or in any precinct that has authorized the limited sale of alcoholic beverages at distilleries under Section 2 of this Act, may sell distilled spirits by the drink at retail to consumers in accordance with Section 4 of this Act.
- (b) Any distilled spirits sold under this subsection shall be taxed and distributed in the same manner as souvenir package sales under subsection (2) of Section 4 of this Act.
- (c) Except as provided in this subsection, sales under this subsection shall be governed by all of the statutes and administrative regulations governing the retail sale of distilled spirits by the drink.

→Section 13. KRS 243.130 is amended to read as follows:

- (1) Sales and deliveries of distilled spirits and wine may be made at wholesale, and from the licensed premises only:
 - (a) By distillers to rectifiers, wineries, holders of special nonbeverage alcohol licenses so far as they may make the purchases, or other distillers;
 - (b) By rectifiers to wineries or to distillers if distilled spirits sold to distillers are packaged in retail containers;
 - (c) By wineries to rectifiers or other wineries, or to the holders of special nonbeverage alcohol licenses;
 - (d) By distillers, rectifiers, or wineries to wholesalers; or
 - (e) By distillers, rectifiers, or wineries for export out of the state.
- (2) No distiller, rectifier, or winery shall sell or contract to sell, give away, or deliver any alcoholic beverages to any person who is not authorized by the law of the state of his or her residence, and of the United States government if located in the United States, to receive and possess those alcoholic beverages. No distiller, rectifier, or winery shall sell or contract to sell, give away, or deliver any of his or her products to any retailer or consumer in Kentucky.
- (3) *Employees or agents of distillers, rectifiers, and wineries may sample the products produced by that manufacturer for purposes of education, quality control, and product development.*
- (4) Distillers may purchase distilled spirits only from other licensed distillers in this state or in another state or province, but distillers may purchase from rectifiers licensed in Kentucky, distilled spirits which are packaged in retail containers.
- (5)~~(4)~~ Rectifiers may purchase distilled spirits and wine only from licensed distillers or wineries in Kentucky, or from nonresident distillers or wineries authorized by the law of the state of their residence and by the United States government, if the distillers or wineries are located in the United States, to make the sales.

~~(6)~~~~(5)~~ Wineries may purchase distilled spirits or wine only from licensed distillers or wineries in Kentucky, or from nonresident distillers or wineries authorized by law of the state of their residence, and by the United States government if located in the United States, to make the sales.

~~(7)~~~~(6)~~ Nothing shall prohibit the purchase or sale of warehouse receipts by any person, but this subsection does not authorize the owner of such a receipt to accept delivery of any distilled spirits unless the owner is a person who is permitted by law to receive the same.

➔Section 14. KRS 243.882 is amended to read as follows:

For the purposes of KRS 243.884 to 243.890~~[243.892]~~:

- (1) "Wholesale sale" or "sale at wholesale" means a sale made for the purpose of resale in the regular course of business of beer, wine, or distilled spirits, except as provided in KRS 243.884(3).
- (2) A "wholesaler" is a person required to be or who is a licensee authorized to do business pursuant to KRS 243.160 and 243.170.
- (3) A "distributor" is a person required to be or who is a licensee authorized to do business pursuant to KRS 243.180.

➔Section 15. KRS 244.050 is amended to read as follows:

- (1) No retail licensee shall give away any alcoholic beverage in any quantity or deliver it in any quantity for less than a full monetary consideration, except as provided by KRS 243.155, 243.157, Section 4 of this Act, and subsection (2) of this section.
- (2) The holder of a quota retail drink license, a quota retail package license, an NQ2 license, or a distillery license may, after acquiring a sampling license, allow customers to sample, free of charge, distilled spirits and wine under the following conditions:
 - (a) Free sampling shall be permitted only on licensed premises and by licensees holding a sampling license, during regular business hours; and

(b) ~~—A licensee shall not charge for the samples provided to customers;~~

(c) ~~—Sample sizes shall not exceed:~~

1. ~~—One (1) ounce for wine; and~~

2. ~~—One half (1/2) ounce for distilled spirits; and~~

(d) ~~]~~ **Except as authorized by Section 4 of this Act,** a licensee shall limit a customer to:

1. **One (1) ounce of free**~~[Two (2)]~~ distilled spirits samples per day; and

2. Six (6) **ounces of free** wine samples per day.

(3) Retailers holding a sampling license shall:

(a) Notify the Department of Alcoholic Beverage Control at least seven (7) days in advance of conducting a **free** sampling event; and

(b) Limit a **free** sampling event to a period not to exceed four (4) consecutive hours between 12 noon and 8 p.m.

(4) In addition to free sampling, a quota retail package licensee holding a sampling license may also sell sample distilled spirits and wine under the following conditions:

(a) Paid samples may be sold only on licensed premises and by licensees holding a sampling license, during regular business hours; and

(b) A licensee shall limit a customer to purchased samples totaling no more than:

1. Two (2) ounces of distilled spirits per day; and

2. Nine (9) ounces of wine per day.

(5) A quota retail package licensee holding both a sampling license and a nonquota retail malt beverage package license may also sell samples of malt beverages under the following conditions:

(a) Paid samples may be sold only on licensed premises and by licensees holding a sampling license, during regular business hours;

- (b) A licensee shall limit a customer to no more than sixteen (16) ounces of malt beverages per day;
- (c) Nothing in this subsection shall allow a quota retail package licensee to provide a customer samples of malt beverages free of charge;
- (d) The retail price of a sample shall not be less than a licensee's purchase cost of the sample; and
- (e) A licensee, supplier, or individual shall not request, require, or allow a distributor to provide malt beverages free of charge or participate in any activity allowed under this subsection.
- (6) No customer shall be allowed to receive a combination of free and purchased samples totaling more than:
- (a) Two (2) ounces of distilled spirits per day; and
- (b) Nine (9) ounces of wine per day.
- (7) Samples sold under subsections (4) and (5) of this section shall not constitute drink sales.

➔Section 16. KRS 244.130 is amended to read as follows:

- (1) Except in conformity with administrative regulations of the board, no licensee under KRS 243.020 to 243.670 shall advertise or cause or permit to be advertised in any manner any product which he or she is licensed to manufacture or sell.
- (2) Subsection (1) of this section shall not prohibit:
- (a) Advertising in newspapers, magazines, or periodicals having a general circulation;
- (b) Promotional advertising on radio or television limited to no more than the name of the licensee and the products the licensee is permitted to manufacture or sell;
- (c) Promotional advertising containing the names of establishments or products displayed on uniforms or equipment of sporting teams;~~[-or]~~

- (d) Promotional advertising mailed or delivered to a consumer's residence; or
- (e) A distiller from providing visitors who are twenty-one (21) years of age or older, in conjunction with a distillery tour or an event conducted by a bona fide church or charitable organization, free:
1. Consumer-branded nonalcoholic novelty items whose actual retail cost does not exceed one hundred dollars (\$100) per item; and
 2. Production by-products.

➔Section 17. KRS 244.240 is amended to read as follows:

(1) No distiller, rectifier, winery, or wholesaler and no employee, servant, or agent of a distiller, rectifier, winery, or wholesaler shall:

(a)~~(1)~~ Be interested directly or indirectly in any way in any premises where distilled spirits or wine is sold at retail or in any business devoted wholly or partially to the sale of distilled spirits or wine at retail;~~[-]~~

(b)~~(2)~~ Make or cause to be made any loan to any person engaged in the manufacture or sale of distilled spirits or wine at wholesale or retail;~~[-]~~

(c)~~(3)~~ Make any gift or render any kind of service whatsoever, directly or indirectly, to any licensee under KRS 243.030 which~~[- in the sound judgment of the board]~~ may tend to influence the licensee to purchase the product of the distiller, rectifier, winery, or wholesaler; or~~[-]~~

(d)~~(4)~~ Enter into a contract with any retail licensee under KRS Chapters 241 to 244 whereby the licensee agrees to confine his or her sales to distilled spirits or wine manufactured or sold by one (1) or more such distillers, rectifiers, wineries, or wholesalers. Such a contract shall be void.

(2) Nothing in this section shall prohibit the giving of discounts in the usual course of business if the same discounts are offered to all licensees holding the same license type buying similar quantities.

➔Section 18. The following KRS section is repealed:

243.892 Sales to be made only to licensed retailer -- Discounts prohibited.