

1 AN ACT relating to small farm wineries.

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

3 ➔Section 1. KRS 243.155 is amended to read as follows:

4 (1) Any in-state or out-of-state small farm winery may apply for a small farm winery  
5 license. In addition to all other licensing requirements, an applicant for a small farm  
6 winery license shall submit with its application a copy of the small farm winery's  
7 federal basic permit and proof documenting its annual wine production. An out-of-  
8 state winery shall submit additional documentation evidencing its resident state. As  
9 part of the application process, an out-of-state winery shall publish its notice of  
10 intent, as required by KRS 243.360, in the Kentucky newspaper of highest  
11 circulation. The board shall promulgate administrative regulations establishing the  
12 form the documentation of proof of production shall take.

13 (2) A small farm winery license shall authorize the licensee to perform the following  
14 functions without having to obtain separate licenses, except that each small farm  
15 winery off-premises retail site shall be separately licensed:

16 (a) Engage in the business of a winery under the terms and conditions of KRS  
17 243.120 and 243.130, **except that a small farm winery may sell and deliver**  
18 **wine to a retailer as authorized by this section.** The manufacture of wine at  
19 the small farm winery shall not be less than two hundred fifty (250) gallons,  
20 and shall not exceed five hundred thousand (500,000) gallons, in one (1) year;

21 (b) Bottle wines produced by that small farm winery and other licensed small  
22 farm wineries;

23 (c) Enter into an agreement with another licensed small farm winery under which  
24 it crushes, processes, ferments, bottles, or any combination of these services,  
25 the grapes, fruits, or other agricultural products of the other small farm winery  
26 for a production year. The resulting wine shall be considered the product of  
27 the small farm winery that provides the fruit. The small farm winery

- 1 providing the custom crushing services may exclude the wine produced under  
2 this paragraph from its annual production gallonage;
- 3 (d) If the licensed small farm winery or off-premises retail site premises is located  
4 in wet territory or in a precinct that has authorized alcoholic beverage sales by  
5 the small farm winery under KRS 242.124:
- 6 1. Serve complimentary samples of wine produced by it in amounts not to  
7 exceed six (6) ounces per patron per day; and
  - 8 2. Sell by the drink for on-premises consumption or off-premises  
9 consumption pursuant to KRS 243.081, or by the package wine  
10 produced by it or by another licensed small farm winery, at retail to  
11 consumers;
- 12 (e) Sell by the drink or by the package, at fairs, festivals, and other similar types  
13 of events, wine produced by it or by another licensed small farm winery, at  
14 retail to consumers if all sales occur in a wet territory;
- 15 (f) Sell and transport wine produced by it to consumers, licensed small farm  
16 winery off-premises retail sites, wholesale license holders, and small farm  
17 winery license holders;
- 18 (g) Consume on the premises wine produced by the small farm winery or a  
19 licensed small farm winery and purchased by the drink or by the package at  
20 the licensed premises, if the small farm winery is located in wet territory; ~~and~~
- 21 ~~and~~
- 22 (h) ~~[A small farm winery may ]~~Sell wine at retail to consumers in accordance  
23 with KRS 243.027 to 243.029 if it holds a direct shipper license; and
- 24 (i) Sell and deliver up to thirty thousand (30,000) gallons of wine annually to  
25 any retail license holder as long as:
- 26 1. Any products sold and delivered under this paragraph that are not  
27 otherwise registered by a licensed wholesaler shall be registered with

1 *the department by the small farm winery; and*

2 *2. The small farm winery is responsible for payment of wine wholesale*  
3 *tax and reporting of self-distributed wines in accordance with KRS*  
4 *243.884.*

5 *This paragraph shall not apply to small farm winery wholesalers licensed*  
6 *under KRS 243.154.*

7 (3) If the requirements of KRS 242.1241 or 244.290(5) relating to Sunday sales on the  
8 licensed premises of a small farm winery are met, a small farm winery within that  
9 territory may sell alcoholic beverages on Sunday only in accordance with this  
10 section during the hours and times as permitted in the local ordinance for that  
11 locality.

12 (4) A small farm winery license holder may also hold an NQ2 retail drink license or an  
13 NQ4 retail malt beverage drink license if:

14 (a) The small farm winery is located in wet territory or in a precinct that has  
15 authorized alcoholic beverage sales by the small farm winery under KRS  
16 242.124; and

17 (b) The issuance of these licenses is in connection with the establishment and  
18 operation of a restaurant, hotel, inn, bed and breakfast, conference center, or  
19 any similar business enterprise designed to promote viticulture, enology, and  
20 tourism.

21 (5) This section shall not exempt the holder of a small farm winery license from the  
22 provisions of KRS Chapters 241 to 244, nor from the administrative regulations of  
23 the board, nor from regulation by the board at all premises licensed by the small  
24 farm winery, except as expressly stated in this section.

25 (6) Nothing contained in this section shall exempt a licensed out-of-state winery from  
26 obeying the laws of its resident state.

27 (7) Upon the approval of the department, a small farm winery license may be renewed

1           after the licensee submits to the department the winery's federal basic permit and  
2           proof of its annual wine production.

3   (8)   An employee of a small farm winery may sample the products produced by that  
4           small farm winery for purposes of education, quality control, and product  
5           development.