

1 AN ACT relating to licensing fees for the sale of alcoholic beverages.

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

3 ➔Section 1. KRS 243.075 is amended to read as follows:

- 4 (1) (a) Notwithstanding the provisions of KRS 243.060 and 243.070, in any ~~qualified~~ city ***with a population of less than twenty thousand (20,000) based***  
5 ***upon the most recent federal decennial census*** in which the discontinuance  
6 of prohibition is effective by virtue of a local option election held under KRS  
7 Chapter 242, the governing body of the city and the governing body of ~~a~~~~the~~  
8 county ***that does not contain***~~containing~~ a ~~qualified~~ city ***with a population***  
9 ***equal to or greater than twenty thousand (20,000) based upon the most***  
10 ***recent federal decennial census*** is authorized to impose a regulatory license  
11 fee upon the gross receipts of the sale of alcoholic beverages of each  
12 establishment therein licensed to sell alcoholic beverages.
- 13
- 14 (b) The regulatory license fee may be levied at the beginning of each budget  
15 period at a percentage rate as shall be reasonably estimated to fully reimburse  
16 the local government for the estimated costs of any additional policing,  
17 regulatory, or administrative expenses related to the sale of alcoholic  
18 beverages in the city and county.
- 19 (c) The regulatory license fee shall be in addition to any other taxes, fees, or  
20 licenses permitted by law, except:
- 21 1. A credit against a regulatory license fee in a city shall be allowed in an  
22 amount equal to any licenses or fees imposed by the city or county  
23 pursuant to KRS 243.060 or 243.070; and
- 24 2. In a county in which the city and county both levy a regulatory license  
25 fee, the county license fee shall only be applicable outside the  
26 jurisdictional boundaries of those cities which levy a license fee.
- 27 (2) (a) Notwithstanding any limitations imposed on the city's or county's taxing or

1           licensing power by KRS 243.060 or 243.070, a city or county that is moist  
2           through a local option election held under KRS 242.1244, or that issues  
3           licenses under KRS 243.072 may by ordinance impose a regulatory license fee  
4           upon the gross receipts of the sale of alcoholic beverages of each  
5           establishment located therein and licensed to sell distilled spirits, wine, or  
6           malt beverages by the drink for consumption on the premises.

7           (b) The regulatory license fee may be levied annually at a rate as shall be  
8           reasonably estimated to fully reimburse the city or county for the estimated  
9           costs for any additional policing, regulatory, or administrative related  
10          expenses.

11          (c) The regulatory license fee shall be in addition to any other taxes, fees, or  
12          licenses permitted by law, but a credit against the fee shall be allowed in an  
13          amount equal to any licenses or fees imposed by the city or county pursuant to  
14          KRS 243.060 or 243.070.

15          (d) In a county in which the city and county both levy a regulatory license fee, the  
16          county license fee shall only be applicable outside the jurisdictional  
17          boundaries of those cities which levy a license fee.

18       (3) (a) For any election held after July 15, 2014, any new fee authorized under  
19           subsection (1) or (2) of this section shall be enacted by the city or county no  
20           later than two (2) years from the date of the local option election held under  
21           KRS Chapter 242.

22          (b) For any new ordinance enacted pursuant to KRS 243.072 after July 15, 2014,  
23          the fee authorized by subsection (2) of this section shall be enacted within two  
24          (2) years of the date of the enactment of an ordinance pursuant to KRS  
25          243.072.

26       (4) After July 15, 2014, any fee authorized under subsections (1) and (2) of this section  
27          shall be established at a rate that will generate revenue that does not exceed the total

1 of the reasonable expenses actually incurred by the city or county in the  
2 immediately previous fiscal year for the additional cost, as demonstrated by  
3 reasonable evidence, of:

- 4 (a) Policing;
- 5 (b) Regulation; and
- 6 (c) Administration;

7 as a result of the sale of alcoholic beverages within the city or county.

8 (5) (a) The Kentucky Department of Alcoholic Beverage Control shall promulgate  
9 administrative regulations which set forth the process by which a city or  
10 county, in the first year following the discontinuance of prohibition, may  
11 estimate any additional policing, regulation, and administrative expenses by a  
12 city or county directly and solely related to the discontinuance of prohibition.

13 This subsection shall apply to any discontinuance of prohibition occurring  
14 after the promulgation of administrative regulations required by this  
15 subsection.

16 (b) After the first year, the regulatory license fee for each subsequent year shall  
17 conform to the requirements of subsection (4) of this section.

18 (6) The revenue received from the imposition of the regulatory license fee authorized  
19 under subsections (1) and (2) of this section shall be:

- 20 (a) Deposited into a segregated fund of the city or county;
- 21 (b) Spent only in accordance with the requirements of subsections (1) and (2) of  
22 this section; and
- 23 (c) Audited under an annual audit performed pursuant to KRS 43.070, 64.810,  
24 and 91A.040.

25 (7) Any city or county found by a court to have violated the provisions of this section  
26 shall:

- 27 (a) Provide a refund as determined by the court to any licensee that has been

- 1           harmed in an amount equal to its prorated portion of the excess revenues  
2           collected by the city or county that are directly attributable to a violation  
3           occurring after July 15, 2014;
- 4           (b) Be responsible for the payment of the reasonable attorney fees directly  
5           incurred by a party to a litigation in an amount ordered by the court upon its  
6           finding of an intentional and willful violation of this section by a city or  
7           county occurring after July 15, 2014; and
- 8           (c) Upon the finding by a court of a second intentional and willful violation of the  
9           provisions of this section, lose the ability to impose the regulatory fee  
10          provided by this section for a period of five (5) years and, upon the finding by  
11          a court of a third intentional and willful violation, forfeit the right to impose  
12          the regulatory license fee authorized by this section.
- 13       (8) Any party bringing suit against a city or county for an alleged violation of this  
14       section occurring after July 15, 2014, shall be responsible for the payment of the  
15       reasonable attorney fees of the city or county in an amount determined by the court  
16       upon a finding by the court that the city or county did not violate this section.
- 17       (9) Any city that does not meet the population requirements of subsection (1) of this  
18       section, and any county that has a city exceeding the population requirements of  
19       subsection (1) of this section, that imposed a regulatory license fee pursuant to  
20       this section prior to the effective date of this Act, shall be deemed to meet the  
21       requirements for doing so set out in this section and may continue to impose a  
22       regulatory license fee pursuant to the provisions of this section.~~(a) As used in this~~  
23       ~~section, "qualified city" means a city on the registry maintained by the Department~~  
24       ~~for Local Government under paragraph (b) of this subsection.~~
- 25       ~~(b) On or before January 1, 2015, the Department for Local Government shall~~  
26       ~~create and maintain a registry of cities that, as of August 1, 2014, were~~  
27       ~~classified as cities of the third or fourth class. The Department for Local~~

1           ~~Government shall make the information included on the registry available to~~  
2           ~~the public by publishing it on its Web site].~~