

SB 11 BRINGS A HOST OF CHANGES TO KENTUCKY ALCOHOL LAW

On March 29th, the Kentucky legislature moved to make changes to Kentucky alcohol laws through the passage of Senate Bill 11, a nod of apparent recognition towards the importance of Kentucky's burgeoning hospitality tourism industry, and Gov. Bevin signed the bill into law on April 9th. Rather than a sweeping bill of changes, SB 11 represents incremental steps sought by the industry to foster increased economic impact and better tourism experiences through a step away from Prohibition-era regulations. Brewers, wineries and distillers all stand to benefit at least somewhat from the changes.

Distillers will substantially benefit from the law, with increases in sample sizes and package sales and the right to serve alcohol by the drink, depending on the jurisdiction. Package sale limits for distillers increased by 50% from 3 liters per visitor per day up to 4.5 liters. A distillery with a sampling license may now provide up to 1.75 ounces of samples per visitor per day, up from one ounce. The new law grants distilleries the ability to apply for an NQ3 license to be able to serve alcohol by the drink, and local option

elections are available to authorize the sale of alcohol by both the drink and by the package at distilleries in dry or moist territories. Employees serving alcohol by the drink at distilleries have to undergo mandatory server training through the Kentucky Department of Alcoholic Beverage Control's Server Training in Alcohol Regulations ("STAR") program, the first statutorily-mandated training ever. The law also allows distillers to give free novelties or production by-products with a value of up to \$75 during tours and charitable events, and distilleries are free to sample and sell souvenir packages of all types of distilled spirits, not just bourbon. These changes could have a transformative impact on the Kentucky Bourbon Trail, a centerpiece of Kentucky hospitality tourism.

Smaller craft producers also will benefit greatly from SB11. Under the law, small farm wineries and microbreweries both see their annual production limit double, an acknowledgment that these smaller producers are experiencing a surge of growth and becoming a staple of the Kentucky hospitality industry. Craft distillers are also eligible for a "craft rectifier" license that comes with requisite reduced state and local license fees.

Microbreweries gain the ability to sell their products by the drink or by the package at fairs and festivals, putting them on more even footing with small farm wineries. The law also gives "big" brewers the ability to open tap rooms and sell growlers – refillable containers of less than 2 liters.

On a more esoteric note, SB11 contains provisions allowing the licensing of public consumption of alcohol on "commercial quadricycles," which are large four-wheeled vehicles powered by pedaling patrons as they consume alcohol, effectively making them bars on wheels. The law also contains other general provisions that outlaw powder and crystal forms of alcohol, create a new NQ3 drink license for bed and breakfasts, allow sales of bottled alcoholic beverages at events held under a special temporary alcoholic beverage license, and permit Sunday sales of alcohol in any city or county that passes an ordinance to do so. Finally, the law allows cities of any size to determine their own wet or dry status separately from the status of the county.

For information on legislation that affects the hospitality industry, contact the attorneys of McBrayer.



Stephen G. Amato is a Member of McBrayer, where he focuses his practice on civil litigation and administrative law. Mr. Amato's administrative practice focuses extensively in the area of alcoholic beverage regulation, primarily representing the interests of alcoholic beverage retailers and distributors in connection with licensing and enforcement issues at both the state and local levels. Mr. Amato can be reached at samato@mmlk.com or at (859) 231-8780, ext. 104.

This article is intended as a summary of newly enacted federal law and does not constitute legal advice.



201 East Main Street, Suite 900
Lexington, Kentucky 40507
(859) 231-8780 | www.mmlk.com