

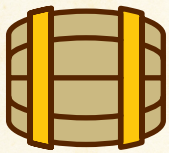
2020 LEGISLATIVE WINS FOR KENTUCKY BOURBON!



Direct-to-Consumer shipping of spirits (HB 415): This achieved our #1 priority, which was parity with wine in amending HB 400's shipping legislation from 2018. This parity gives our distilleries direct-to-consumer shipping and creates a national model for other states to adopt for reciprocity.



Permanent local option precinct elections: This local option election provision was passed in 2016 (SB 11) with a three-year sunset. That provision expired in 2019, and it was made permanent this year in SB 99. This will allow new and expanding members to locate in dry areas of the state and eventually lead to more wet communities in our Commonwealth. Distillers in Madison and Muhlenberg counties already are waiting for this legislation to seek a "wet" precinct vote.



Minimum standards of production for distilleries: To protect our homegrown industry, SB 99 also sets a minimum standard of production in order to qualify for a Kentucky distillery license. Distillers will have to produce a minimum of 600 gallons per year – the equivalent of one barrel per month. This will prevent entities from getting a distiller's license with no intent to actually produce products in order to obtain all the privileges that go along with the license, such as by-the-drink and souvenir package sales.



Collaborative beer sales in distillery gift shops: SB 99 also allows distillers to continue their creativity in offering new products to consumers through collaborations with the growing micro-brewery industry. Many of our distilleries are partnering to produce beers that are finished in Bourbon and spirits barrels, and now these products can be sold in our gift shops.



Tax exemption fix for distilleries purchasing new manufacturing equipment: The state Dept. of Revenue last year began auditing craft beer producers and disqualifying them from claiming the sales tax exemption on the purchase of new manufacturing equipment because they have a retail presence. HB 351 clarified in the tax law that all alcohol producers are eligible for this sales tax exemption.



Full funding for Kentucky's new Ignition Interlock Program: HB 351 also fully funded the revamped Ignition Interlock program that goes into effect on July 1. The program is paid for by violators through an increased DUI service fee. This is an important responsibility initiative the KDA has undertaken and is a remarkable achievement in these trying budgetary times.



Assistance during state of emergency: Under SB 150, while Kentucky is under a state of emergency, any business with a license to sell alcoholic beverages by-the-drink may sell it by package or by-the-drink in a "to-go" format in conjunction with a meal. So under your NQ2 license, distillers can sell "to-go" curbside cocktails in conjunction with a food sale, which is not defined. This measure also extended the renewal of alcohol licenses through May 31 and includes a negligence defense clause for producing hand sanitizer.