

BOURBON.

IT'S MORE THAN A DRINK.

Bourbon is a manufacturing backbone for our Commonwealth that fuels economic development and tourism.



Bourbon's Partnership with the General Assembly

As one of the state's top global exports, this legendary \$8.6 billion industry creates more than 20,100 jobs and opportunities for Kentuckians with more than \$1 billion in annual payroll. Distillers are investing more than \$2.3 billion in capital investments to expand production and create memorable Kentucky Bourbon Trail® tourism experiences for millions of guests from all over the world.

For more than a decade, the Kentucky Distillers' Association has led the way in working with members of the General Assembly to grow and enhance our signature distilling industry - keeping Kentucky the one, true, authentic home of America's only native spirit.

The KDA is committed to keeping Bourbon a leading manufacturing industry in Kentucky.

As one of the state's top global exports, this legendary industry creates jobs and opportunities for thousands of Kentuckians and creates memorable experiences for millions of guests from all over the world.

To ensure Kentucky maintains its historic distilling dominance, it is critical that members of the General Assembly work closely with the KDA to modernize Prohibition-era laws

and policies and quickly respond to consumer demands in the new, global marketplace and economy.

Here are some of the key steps the General Assembly has taken to modernize, grow and protect our signature Bourbon industry over the last 10 years.



2021

HOUSE BILL 415

Updates the 2020 national model legislation for Direct-to-Consumer shipping
(Rep. Adam Koenig)

The bill allows the use of third-party fulfillment centers to efficiently ship bottles; sets a level playing field for state tax collection on distillery gift shop sales; and establishes guidelines for shipping alcohol samples to media, business and marketing partners, among other measures. Kentucky continues to be a national model and helps to lay the groundwork for other states to pass reciprocal laws.



SENATE BILL 5

Business Legal Liability Relief
(Sen. Robert Stivers)

This legislation provides liability protection for business owners and others during a time of declared emergency. This legislation was made necessary because of the COVID-19 Pandemic. The bill will help protect distilleries who produced much-needed hand sanitizer and other businesses from being sued on issues related to the pandemic while they are putting forth their best efforts to comply with regulations.



SENATE BILL 67

Take-Home Cocktails for Restaurants
(Sen. John Schickel)

This bill makes permanent the popular privilege that allows restaurants to sell take-home cocktails with a prepared meal. This privilege was a lifeline for the restaurant and hospitality industry.

SENATE BILL 68

Strengthening Distillers' Workforce Development
(Sen. John Schickel)

This legislation exempts KDA education partners that offer distilling courses and education-based industry research from the 600-gallon minimum standards of production to get a state distiller's license.



2020

HOUSE BILL 415

Direct to Consumer Shipping (Rep. Adam Koenig)

Kentucky's passage of in-person shipping from distilleries in 2018 sparked a national conversation on the growing direct-to-consumer movement among consumers and regulators. It quickly became clear that Kentucky needed to reform its laws to keep up with increasing consumer demand for our signature spirits as well as the shipment of wine into Kentucky. HB 415 removed the in-person provision and allowed all alcohol manufacturers in Kentucky to ship its products "direct-to-consumer" and set up the necessary regulatory, licensing and taxing structure. Kentucky's spirits shipping law is now a model for other states to adopt.

HOUSE BILL 351

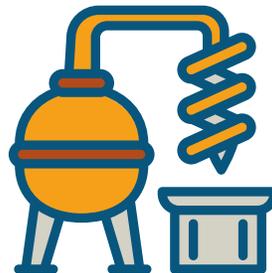
Tax exemption fix for purchasing new distilling equipment & fully funding the ignition interlock program (Rep. Steven Rudy)

The state Department of Revenue 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 in their manufacturing footprint. This legislation clarified in the tax law that all alcohol producers are eligible for this sales tax exemption. HB 351 also fully funded the revamped Ignition Interlock program that was established in 2019. The program is paid for by violators through an increased DUI service fee.

SENATE BILL 99

More Regulatory Reforms (Sen. John Schickel)

As Kentucky's Bourbon industry thrives as a leader in manufacturing and tourism, state laws struggle to keep up. SB 99 tackled a variety of alcohol regulatory reforms, including three provisions for the Bourbon industry. The first sets minimum standards of production for distilleries, requiring them to produce a minimum of 600 gallons a year to maintain a distilling license and associated tourism privileges. The second item allows distillery gift shops to sell collaborative beer endeavors between breweries and distilleries. Lastly, SB 99 allows for local option precinct elections in dry territories for distilleries to be able to offer sales and samples there.



SB 150

COVID Assistance (Conference Committee Report)

As the global pandemic swept through the United States in March, the KDA worked with legislators to craft two provisions to help distilleries and our hospitality and tourism partners. With hand sanitizer becoming scarce, distilleries immediately shifted production to create and donate hundreds of thousands of gallons of hand sanitizer for health care workers, first responders and other key businesses. SB 150 contained legal liability protections for distillers and others who manufacture personal protective equipment during the state of emergency. The legislation also contained a provision allowing bars and restaurants to sell alcohol "to go" in conjunction with food orders, which quickly became a lifeline to keeping their doors and saving valuable jobs during the pandemic. The KDA and other partners will be seeking to make these provisions permanent in the 2021 legislative session.



2019

SENATE BILL 85

Ignition Interlocks Reform (Sen. Whitney Westerfield)

The KDA takes seriously its work to ensure Kentucky Bourbon is consumed responsibly. The landmark ignition interlock legislation passed in 2015 had encountered logistical challenges to create a successful interlock program for DUI offenders. Recognizing the challenges, the KDA convened a workgroup of stakeholders and spent months developing draft legislation so the interlock program could be used more effectively. SB 85 was the result of a partnership between the KDA, Mothers Against Drunk Driving and many other groups to strengthen and improve ignition interlock laws for DUI offenders.

2018

HOUSE BILL 400

Distillery Visitor Center Shipping (Rep. Chad McCoy)

The No. 1 request from Kentucky Bourbon Trail® visitors has been the ability to purchase bottles in a distillery gift shop and ship them back home. HB 400 allowed in-person visitors to Kentucky distilleries to ship spirits home if the destination state allowed reciprocal shipping. This legislation positioned Kentucky as a national model for other states to allow for spirits shipping, much like the 45+ states that allow wine shipments.

2017

HOUSE BILL 100

Vintage & Antique Spirits, Kentucky Whiskey Protections (Rep. Chad McCoy)

With the skyrocketing rise in premium single barrel and small batch Bourbons, Kentucky was missing out on a popular growing movement - the sale of “vintage” or “antique” spirits produced decades ago, and some even produced before Prohibition. These rare bottles are highly sought after by Bourbon enthusiasts, restaurants and bars around the world so consumers can actually sample a historic taste of vintage whiskeys. HB 100 allowed consumers to sell these unopened dusty or limited edition bottles to licensed retailers for resale to the public. Kentucky is now hailed as a worldwide leader in this growing market as many bars and liquor stores have created world-class whiskey libraries and offer vintage spirits to visitors making the pilgrimage to the Birthplace of Bourbon. This legislation also protected the sacred name of Kentucky Bourbon by requiring whiskey to be distilled and fermented inside the Commonwealth and aged for at least a year in order to put the state name on the label.



2016

SENATE BILL 11

Bourbon Tourism Reforms (Sen. John Schickel)

The world-famous Kentucky Bourbon Trail® experiences are among the state’s most popular tourism attractions, with affluent demographics that are literally changing the face of visitors to Kentucky and pouring much-needed revenue into local communities. However, Kentucky’s archaic alcohol laws hindered the ability of distilleries to offer an authentic hospitality experience and meet growing consumer demand. SB 11 boldly modernized the KBT® experience by allowing distilleries to offer more free samples, operate restaurants, serve cocktails by the drink, increase gift shop bottle sales, and allowing distilleries to give free novelty items or production byproducts in gift shops or to charity auctions.

2015

HOUSE BILL 60

Ignition Interlocks for DUI Offenders (Rep. Dennis Keene)

Kentucky is one of few states that didn’t require DUI offenders to use ignition interlock devices as a way to prevent drunk driving and change habits. The KDA, as an industry leader in promoting the responsible and moderate consumption of alcohol, put the full strength of its lobbying efforts behind the bill to finally create an ignition interlock program in Kentucky.

2014

HOUSE BILL 445

Bourbon Barrel Tax Credit

(Senate President Robert Stivers & Rep. Rick Rand)

Kentucky is the only place in the world that taxes aging barrels of spirits each and every year. This discriminatory barrel tax puts Kentucky at a competitive disadvantage as we compete with other states and countries to attract distilleries, jobs and vital economic investment. After years of educating legislators on how this barrel tax harms our key manufacturing industry and its future, the General Assembly allowed distilleries to take a corporate income tax credit against the amount of barrel taxes paid, and reinvest those savings back into distillery operations. However, this credit worked too well as barrel inventories have reached record highs in the last five years. Therefore, distilleries can't fully monetize those credits, which restricts growth and investment. The KDA is now asking the legislature to make this credit refundable so the entire amount can be used to create more jobs and investment in the Commonwealth.



SENATE BILL 83

Modernizing Alcohol Laws and License Types

(Sen. John Schickel)

Recognizing the need to update Kentucky's alcohol laws, legislators and the Department of Alcoholic Beverage Control worked together to streamline the types of alcohol licenses and simplify rules and regulations. As part of this effort, the legislature created a Craft Distillers License with a lower fee to help these small, startup businesses succeed.

HOUSE BILL 475

Alcohol in State Parks

(Rep. Larry Clark)

For decades, Kentucky's acclaimed system of state parks struggled to attract out-of-state visitors due to the lack of modern hospitality amenities including alcohol sales, especially at golf courses. HB 475 allowed residents to choose whether to allow the sale of alcohol at their state park in a local option precinct election.



2013

SENATE BILL 13

Election Day Sales

(Sen. John Schickel)

Removed the prohibition of alcohol sales on election day and allowed local governments to regulate those sales by ordinance. This pre-Prohibition policy was enacted when salons and bars were used as polling places and alcohol was given to sway votes. Almost 100 years later, it was time to join other states in removing this outdated restriction to reflect the modern marketplace.

