

BOURBON

IT'S MORE THAN A DRINK.

Bourbon is a signature industry that fuels economic development and tourism.



Bourbon's Partnership with the General Assembly

As one of the state's top global exports, this legendary \$9 billion industry sustains more than 23,100 jobs for Kentuckians with more than \$1.63 billion in annual payroll. Distillers are in the middle of a 10-year, \$5.4 billion building boom to expand production and create memorable Kentucky Bourbon Trail® tourism experiences for millions of guests from around 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 maintaining Bourbon's role as a signature industry in Kentucky.

To ensure Kentucky maintains its distilling dominance, KDA worked closely with the General Assembly to modernize Prohibition-era laws.

From adding privileges essential to distilleries building world-class tourism experiences, to sunseting repressive taxes, supporting workforce training, and promoting responsibility measures, the KDA and the General Assembly have made great strides for Kentucky.

They will continue working together to create 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.



2023

HOUSE BILL 5

Barrel Tax Phase-Out

(Rep. Jason Petrie, Speaker David Osborne)

This bill phases out Kentucky's discriminatory barrel tax between 2026 and 2043. As the only U.S. state – and location globally – that taxes aging barrels of spirits, Kentucky's HB 5 removes a century-long bottleneck in the Commonwealth's ability to attract new distilling jobs, expansions and startups. Compromises by distillers ensure funding for school, fire and EMS districts will remain whole. As well, HB 5 exempts from the phase out any barrel warehouse in an industrial revenue bond contract. As no other industry pays taxes on goods still in production, HB 5 finally brings distillers parity, treating them like all other Kentucky manufacturers. The legislation builds on the Bourbon Barrel Tax Credit, passed in 2014 via HB 445.

2022

HOUSE BILL 500

Private Barrel Selections, Exclusive Bottles, Satellite Tasting Rooms and Fair & Festival Sales

(Rep. Chad McCoy)

The bill provides statutory authorization and guidelines for private barrel selection events and allows each distillery that sells souvenir bottles and provides free samples to establish one satellite tasting room each. HB 500 also lets distillers create exclusive bottles, which can be sold only in-person in their gift shops and tasting rooms. The bill also allows distilleries to sell at fairs, festivals and farmer's markets. These privileges will drive community development, create jobs and attract new and repeat visitors.

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 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.

2021 CONTINUED

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.

SENATE BILL 5

Business Legal Liability Relief

(Sen. President 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 put forth their best efforts to comply with regulations.



2020

HOUSE BILL 415

Direct to Consumer Shipping

(Rep. Chad McCoy)

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)

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 put forth their best efforts to comply with regulations.

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.

SENATE BILL 150

COVID Assistance

(Conference Committee Report)

When COVID19 caused hand sanitizer shortages, 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, a job-saving change.

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.

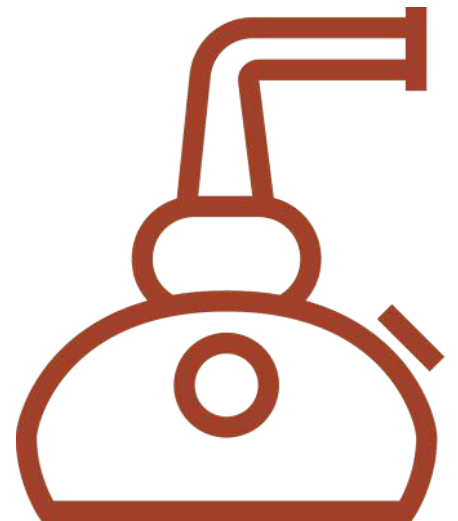
2016

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.



2014

HOUSE BILL 445

Bourbon Barrel Tax Credit

(Sen. President Robert Stivers & Rep. Rick Rand)

Kentucky was 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 saloons 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.

