

The Economic and Fiscal Impacts of Kentucky's Distilling Industry, 2024-2025

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Bios

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Executive Summary

This biennial analysis, commissioned regularly by the Kentucky Distillers' Association since 2009, documents the significant long-term expansion of the Commonwealth's signature Bourbon and distilled spirits industry. The industry's total employment has surged 142 percent since 2010, growing from an annual average of 3,103 direct wages and salary workers to 7,509 in 2024. This growth is also reflected in production, inventories, property tax assessments, and state and local tax revenues. In fact, Kentucky's distilled spirits industry has recorded significant and consistent growth each of the past 15 years at a time when manufacturing employment has slowed in Kentucky and declined nationally.

Despite this robust growth, the industry faces mounting headwinds. Foreign demand, a major driver of past expansion and success, has been curtailed by retaliatory tariffs and other trade policy countermeasures imposed in 2018 and 2025. Domestically, the market is shifting due to evolving consumer tastes, changes in generational drinking habits, and new competition for leisure dollars, such as legalized recreational cannabis and sports wagering.¹

After years of strong growth, national sales of distilled spirits declined in 2023 and 2024. These changes are not isolated to distilled spirits. Wine and beer have experienced larger decreases in U.S. sales.² While all manufacturers must adjust production due to changes in demand, this is particularly challenging for distillers of aged spirits. They must set current production levels based on expectations of where demand will be multiple years into the future.

With inventories increasing and demand softening, compounded by uncertainty over trade disputes, Kentucky distillers are already taking necessary steps to realign record barrel inventories. Jim Beam recently announced that it would pause operations at its main distillery early in 2026³ and several companies have cut back or paused some production shifts. In two extreme cases, one newly built licensed distiller in Kentucky filed for bankruptcy, while another distiller closed after one year and is in receivership.

This trend is not limited to Kentucky, though. Nationally, production of distilled spirits fell 28 percent during the first eight months of 2025 compared to the same period in 2024⁴ forcing several smaller distillers in other states to close their doors. Distillers in other countries, including Scotland and Ireland, also are pausing production as global supply outpaces demand.

Kentucky's distilled spirits industry continues to make a substantial contribution to the state's economy. Both national whiskey sales and Kentucky distillery employment remain near historic

¹ IWSR. *Shifting alcohol consumer dynamics*. IWSR briefing for WSA, July 2025.

² NIQ. *2024 Beverage Alcohol Year in Review*. January 7, 2025,
<https://nielseniq.com/global/en/insights/analysis/2025/2024-beverage-alcohol-year-in-review/>.

³ Johnson, Krista and Leo Bertucci. "Jim Beam to pause production at main Kentucky distillery in 2026." *Courier Journal*, Dec. 21, 2025, <https://www.courier-journal.com/story/news/local/2025/12/21/jim-beam-to-pause-production-at-main-kentucky-distillery-in-2026/87860590007/>.

⁴ United States. Department of the Treasury, Alcohol and Tobacco Tax and Trade Bureau. Distilled Spirits Reports. <https://www.ttb.gov/regulated-commodities/beverage-alcohol/distilled-spirits/statistics>

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highs despite the aforementioned cutbacks. While distilled spirits employment appears to have plateaued, the most recent data suggests that it remains close to its recent peak.

However, the industry faces several challenges that will determine its potential for future growth. In the near term, Kentucky's distilled spirits industry will have to adjust production levels and inventories to match changing demand for distilled spirits. In the long term, the industry must maintain existing markets and develop new international markets to grow. Given the heightened level of volatility associated with recent trade policy, making investments in foreign markets has become increasingly uncertain. This could have a cooling effect on potential investments and slow future growth in one of Kentucky's signature industries.

Looking forward, these challenges could cause distilleries to reduce employment and postpone planned investments over the coming year. It could also result in some distilleries leaving the market. Some of these challenges are likely to be temporary while distilleries bring their inventories and production levels more in line with long-term demand. On a more positive note, the industry is seeing stronger interest among Gen Z consumers, and sales of ready-to-drink (RTD) alcoholic beverages are rising.

Distilleries

- Kentucky has more licensed distilleries in more than a third of its counties. Data from the Kentucky Department of Alcoholic Beverage Control shows that there are currently 105 companies with 124 state-licensed distillery locations in the state. This is up from 100 licensed locations in 2023. State-licensed distillers are now in 45 of Kentucky's 120 counties.
- Nationally, there are 5,234 federally licensed distilled spirits producers and bottlers according to the U.S. Department of Treasury's Alcohol and Tobacco Tax and Trade Bureau (TTB). With 169 active federal distillery licenses, Kentucky ranks 11th in the country and accounts for 3.2 percent of the total federal licenses. The number of federal licenses in Kentucky increased from 140 in 2023, but its ranking was unchanged.

Jobs & Wages

- Data from the U.S. Bureau of Labor Statistics shows Kentucky's distillers reported their highest level of employment in June 2024. Since then, employment has fluctuated, down in some months and up in others. Overall, employment seems to have plateaued over the past year and a half. As of June 2025, the most recent data available, Kentucky's distillery industry reported 7,542 wage and salary jobs, 130 percent higher than in June 2012 and only down 102 workers from its peak in June 2024 of 7,644 jobs.
- Kentucky's distilled spirits industry supported 23,935 jobs in the Commonwealth with total labor income of just over \$2 billion during 2024. Of those, 7,844 jobs were directly tied to distillers' various facilities in 2024, the highest level reported. In addition, the industry indirectly supported 9,685 jobs at Kentucky businesses that supplied inputs to

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distilleries. Finally, the distilling industry supported 6,405 jobs at Kentucky businesses that helped provide goods and services to the employees of distilleries and their suppliers.

- A similar trend was seen among 55 KDA members surveyed last summer -- 29 reported increasing employment from June 2024 to June 2025, 17 reported decreasing employment, and 12 reported no change.
- Distilling continues to have a very high job multiplier, ranking second across 317 manufacturing industries with activity in Kentucky. The only manufacturing industry with more jobs and a higher employment multiplier than distilling is light truck and utility vehicle manufacturing.
- Kentucky dominates the national distilling industry, accounting for 27 percent of the nation's distilled spirits output and 27 percent of the nation's distilled spirits employment. Tennessee, the state with the second largest share of national distillery employment, accounts for only 2,414 distilled spirits jobs (or 8.4 percent of the nation's distilled spirits jobs).
- Kentucky's distilled spirits industry supports significantly more employment in the state than its breweries and wineries. Including direct, indirect, and induced contributions, Kentucky's breweries support approximately 1,424 jobs and its wineries support nearly 300 jobs.

Production

- Following several years of strong increases, Kentucky's distilleries responded to market and other conditions and slowed production in 2024. (Production data for 2025 will not be available until fall of 2026). Distillers filled 3.03 million barrels of Bourbon in 2024, down from 3.2 million in 2023. Despite this slight decrease, 2024 production was still 12 percent higher than production in 2022, 25 percent higher than 2020 and 135 percent higher than 10 years ago. Production has risen dramatically since the turn of the century, up more than 560 percent.
- In 2024, there were a record-breaking 17.1 million barrels of spirits aging in Kentucky's bonded warehouses, up 11 percent from the year before. Of that, 16.1 million are Bourbon, up 13 percent from the previous year. The total barrel inventory in Kentucky has increased 57 percent since 2020 and 175 percent in the last 10 years as distillers increased production to meet global demands.

Foreign Exports

- Kentucky's whiskey exports peaked at \$488.6 million in 2019. However, after the U.S. increased tariffs on metal imports from most other countries, several countries responded by imposing or raising tariffs on U.S. distilled spirits and other U.S. products. These higher tariffs resulted in a significant 35 percent decrease in Kentucky's distilled spirits exports in 2020. While these tariffs were later rescinded, exports of Kentucky whiskey

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have not fully recovered. As of 2024, whiskey exports were still only \$363 million, a 26 percent decrease since the peak in 2019.

- In early 2025, the U.S. imposed and later paused tariffs on many goods imported into the U.S. Other countries again responded with retaliatory tariffs and other trade countermeasures on distilled spirits. All 13 Canadian provinces and territories removed American-made alcohol, including U.S. spirits, from store shelves, although two provinces have since re-stocked American alcohol. While some of these tariffs were later paused, Kentucky's whiskey exports declined at an increasing rate during the first half of 2025, down 28 percent compared to June 2024. Exports improved from July through October after the tariff increases were paused. Kentucky's whiskey exports for the first 10 months of 2025 were down 12 percent compared to the first 10 months of 2024. Exports to Canada were down 42 percent through October and exports to the E.U. were down 13 percent. Exports of Kentucky's distilled spirits to Japan, France, and Germany have also declined.
- There is considerable uncertainty regarding how recent trade policy could affect Kentucky's distilling industry. However, if the decline observed in June persisted, a roughly 30 percent decrease in annual exports would represent a reduction of \$225 million in annual output, or 3.3 percent of total annual output. This level of output supports a total of 778 jobs and \$65.6 million in labor income – 255 jobs with \$30.4 million in labor income in Kentucky's distilling industry and 523 jobs with \$35.2 million in labor income in other industries including cooperages, transportation firms, and corn growers throughout the state. These are jobs that could potentially be at risk if the mid-year decline in exports were to persist.
- Kentucky's exports of barrels – primarily used Bourbon barrels – plummeted across the first 10 months of 2025, down 29 percent to \$162.7 million compared to the same period in 2024. As barrels can be used only once for Bourbon, other whiskey-making countries have become increasingly large purchasers of Kentucky's used barrels. This trade represents a significant source of income for Kentucky distilleries, especially as production and barrel inventories increased. Kentucky's barrel exports peaked in 2024 at nearly \$267 million, with the United Kingdom, Japan, Canada, Ireland, India and China accounting for the largest sums, respectively.

Economic Contributions & Investment

- Kentucky's distilled spirits industry contributed a record \$10.6 billion in output in the state. This includes \$6.9 billion in direct output and \$3.7 billion in indirect and induced output. This is up from \$9 billion in the last study and \$1.8 billion in the 2012 study.
- KDA member distillers are in the middle of a 10-year, \$3.55 billion capital investment campaign. KDA members reported that they have invested \$2.1 billion in the last five years and plan to invest \$1.45 billion over the next five years. Of the \$2.1 billion in the last five years, 65 percent was buildings and 29 percent machinery. In the new \$1.45 billion investment in the next five years, \$545 million is machinery, about 38 percent.

- There is always uncertainty regarding whether and when planned investments will occur. The recent challenges facing the industry may cause distillers to postpone some of these plans. However, assuming this investment occurs, it would support 1,493 jobs and \$97.5 million in income per year spread over this five-year period. This labor income is estimated to generate \$8.6 million per year in revenue from state income and sales taxes and local occupational license taxes.

Agriculture

- Kentucky's distilleries purchased an estimated 27.3 million bushels of corn to produce three million barrels of Bourbon in 2024. KDA members reported that they purchase 84 percent of their corn from Kentucky farms, up from 70 percent in the previous report, and 29 percent of other grains, up from 19 percent. This amounts to 10 percent of the total corn output in the state.
- KDA members reported spending just over \$700 million to purchase barrels in 2024, of which 67 percent were from cooperages in Kentucky.

State and Local Taxes

- Distilling remains one of the highest-taxed industries in Kentucky. State and local taxes on the production and consumption of distilled spirits in Kentucky generated \$371.8 million in 2024, including \$235.1 million in production-related tax revenue. State government receives most of these production tax revenues, \$135.4 million, through the individual income and sales taxes. School districts receive \$55.9 million of the production-related revenues, primarily from property taxes on aging spirits. The remainder goes to county, city, and other local governments.
- State and local taxes on the consumption of distilled spirits are estimated to have generated \$136.7 million in 2024. The state receives nearly all the consumption-related tax revenues, which it generates primarily from excise, wholesale, and retail sales taxes.
- The \$371.8 million in total tax revenue is a 4% increase from the previous study and a 123% increase since 2014, meaning Kentucky distillers are generating more than \$200 million in tax revenue than they were 10 years ago.
- State and local tax revenue generated from the production of distilled spirits has grown more than twice as fast as the overall state economy. Production-related tax revenues increased by 244 percent from fiscal years 2010 to FY 2024. During this same period, Kentucky's gross domestic product grew by 77 percent and total wages and salaries grew by 81 percent.
- The Kentucky Department of Revenue estimates that the state and local governments will collect \$75 million in property taxes on barrels aging in bonded warehouses during tax year 2025, a 25 percent increase from 2024, a 163 percent increase in the last five years

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and a 440 percent increase since 2014 when the state General Assembly first began addressing the tax, which is levied only in Kentucky. The 2023 General Assembly enacted House Bill 5, which will gradually phase out the state and local property tax on aging spirits from 2026 through 2043.

- From 2010 to 2024, assessments on distilled spirits grew substantially faster than inflation, employment, and wage growth in Nelson, Marion, and Franklin counties. This considerable growth has increased the relative contribution of distilled spirits to local property tax bases, resulting in a larger share of local government revenues being derived from barrel inventories.
- On a per gallon of alcohol basis, Kentucky levies \$23.90 in excise and wholesale taxes on distilled spirits. Only two other non-control states, Washington and Alaska, levy a higher excise tax on distilled spirits than Kentucky. The largest wine producing states, such as California and New York, levy some of the lowest wholesale tax rates on wine while the largest producers of beer, such as Missouri, Wisconsin, and Colorado, levy some of the lowest rates for beer.

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Chapter 1 Kentucky's Distilled Spirits Industry

As described in *Kentucky Bourbon Whiskey: An American Heritage*, much of the early history of distilling and Bourbon in Kentucky is obscured in mystery and legends.⁵ What is clear is that even in the early years of the state, distilling was an important product for many farmers who would use their surplus grain to produce distilled spirits that they could sell or barter for other goods and services. Unfortunately, even though Kentucky was home to hundreds of distilleries before Prohibition, there appear to be few records documenting distilled spirits' early economic contributions to the Commonwealth.

However, the modern history of Kentucky's distilled spirits and its economic contribution to the state are now well-documented. In 2009, the Kentucky Distillers' Association commissioned its first analysis of the state's distilled spirits industry. In this analysis, Dr. Paul Coomes and Barry Kornstein detailed employment, wages, and state and local taxes supported by Kentucky's distillers. Since then, this report has been updated on a biennial basis, documenting the rapid growth of one of Kentucky signature industries and its contribution to the state's economy. For example, Kentucky's distilled spirits industry employed 3,103 wage and salary workers in 2010. By 2024, total employment grew to an annual average of 7,509 (or 7,884 when including proprietor's employment), an increase of 142 percent.

While Kentucky's distilled spirits industry has experienced tremendous growth over the past few years, it is now experiencing challenges from several sources. Strong demand in foreign markets has been a major source of past growth for Kentucky's distilleries. However, in 2018 and 2025, several foreign countries imposed retaliatory tariffs on U.S. whiskey imports including Kentucky Bourbon. While some of these tariffs were eventually rolled back, they reduced foreign demand for Kentucky's spirits. Domestic demand for spirits has also changed as consumer tastes have shifted, newer generations are consuming less alcohol, and competition for leisure dollars has increased from the legalization of recreational cannabis by some states to sports wagering, online gaming and more.⁶ With strong growth in supply and softening demand, inventories have increased, which is leading distilleries to slow production in coming years.

This report provides an update on the economic contributions of Kentucky's distilled spirits industry. The data for this analysis comes from various sources including the U.S. Bureau of Labor Statistics, the U.S. Census Bureau, the Kentucky Department of Revenue, and the Kentucky Cabinet for Economic Development. Data from IMPLAN was also used. IMPLAN is an input-output model that is commonly used to estimate the economic impacts associated with projects and industries. Data on property taxes paid by the distilled spirits industry was collected from local PVA and sheriff offices. Finally, additional data was collected from 55 KDA members, including all its large "Heritage" members, through surveys over the summer of 2025.

⁵ Veach, Michael R., *Kentucky Bourbon Whiskey: An American Heritage*.

⁶ IWSR. *Shifting alcohol consumer dynamics*. IWSR briefing for WSA, July 2025.

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Often, these various data sources provide somewhat different estimates of similar measures such as employment and earnings. These differences typically occur because they capture slightly different aspects of what is being measured or cover different time periods. For example, some employment measures include proprietor employment while others do not. The differences between these measures are generally minor and the trends they describe are consistent.

For this analysis, the distilled spirits industry consists of firms primarily earning revenue from distilling and selling spirits. Most sources of data for this report classify these firms as NAICS code 31214 Distilleries. However, many of these firms are also engaged in other types of economic activity such as producing wooden barrels, warehousing, tourism, research, merchandising, and administration. These activities often occur at different locations. Appendix A provides a detailed list of industries related to distilled spirits and their NAICS codes.

Location of Kentucky's Distilleries

As of July 2025, there were 124 distillers licensed by the state of Kentucky (Figure 1-A). Of these, 48 were class A and 76 were class B distillers. Class A distillers produce more than 50,000 gallons per year. Class B distillers produce less than 50,000 gallons. Nelson, Bullitt, Franklin and Jefferson Counties have the largest concentration of distilled spirits activity and are home to KDA members such as Brown-Forman, Suntory Global Spirits, Heaven Hill, and Lofted Spirits. Smaller distilleries have emerged across the Commonwealth, and now there are distilleries present in 45 counties ranging from Fulton County, the westernmost county in Kentucky bordering the Mississippi River, to Pike County, the easternmost bordering Virginia. Appendix B shows a complete list of Kentucky's licensed distilleries.

As of January 1, the KDA currently has 72 distilling members with 94 locations throughout the state. Of these members, 17 are Heritage members, which indicates that their inventories exceed 50,000 barrels. The remaining are 5 "Proof" level members with inventories between 10,000 and 49,000 barrels; 49 "Craft" members below 10,000 barrels in inventory; and one "Educational" distilling member. The KDA also now has 49 "Industry" level members that have a direct association with the distilling side.

Figure 1-A Kentucky Licensed Distillers



Source: Kentucky Alcoholic Beverage Control, <https://abc.ky.gov/>.

Production and Inventory

Once the distillation process is completed, distilleries place the resulting alcohol in wood barrels and store them in bonded warehouses to age. As these barrels age, they are subject to state and local property taxes. Each year, owners of bonded warehouses located in Kentucky submit returns listing the barrels stored in their warehouses to the Kentucky Department of Revenue. The information they provide with those returns includes the number and age of barrels and the costs of production and storage.⁷ While the Department collects this information to assess the taxable value of the spirits, the information also provides valuable insights into the industry's production and inventory over time.

Figure 1-B shows the number of barrels of Bourbon and other aging spirits produced and stored in bonded warehouses throughout Kentucky from all distillers, not just KDA members. The total inventory of distilled spirits aging in Kentucky has increased rapidly in recent years. In 2024, there were 17.1 million barrels aging in Kentucky's bonded warehouses. This was up 11 percent from the year before. Most of these, 94 percent or 16.1 million, contained Bourbon. The rest consist of other aging spirits such as brandy or single malt whiskey. The assessed value of distilled spirits inventory, which includes bulk inventory and cases held for shipment, totaled an all-time high of \$10 billion for tax year 2025. This is up 24 percent from 2024 (or 22 percent after adjusting for inflation). The barrel inventory and production data for 2025 will not be available from the Kentucky Department of Revenue until the fall of 2026. However, data collected by the U.S. Alcohol and Tobacco Tax and Trade Bureau, U.S. production of distilled

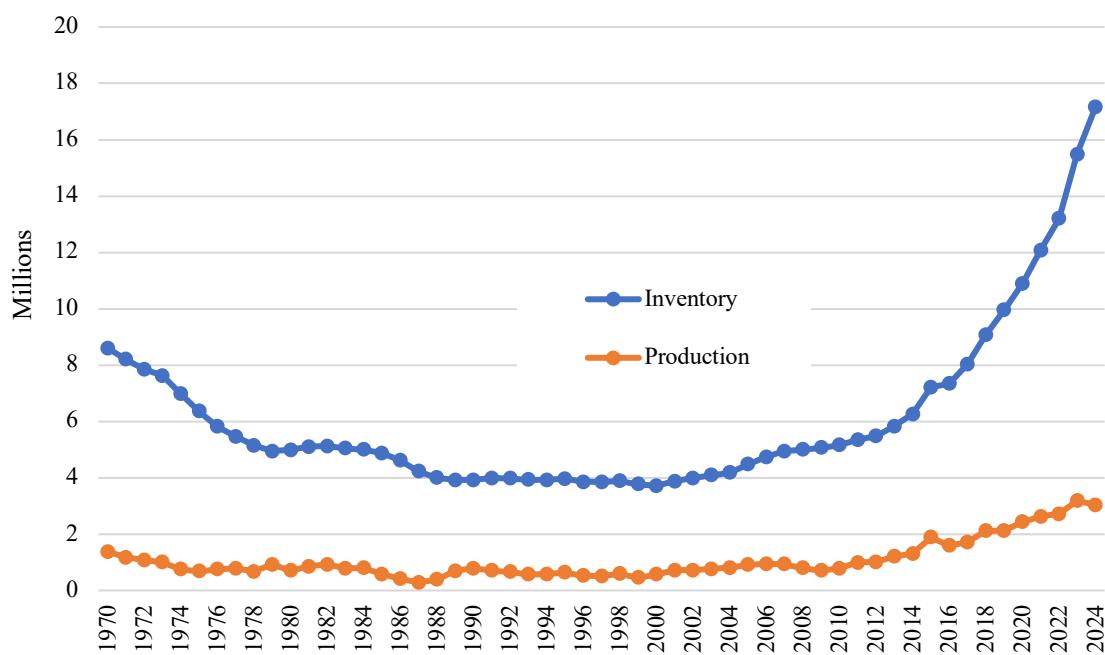
⁷ Warehouses report based on the equivalent of 53-gallon barrels.

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spirits fell 28 percent during the first eight months of 2025 compared to the same period in 2024.⁸

Several distillers slowed Bourbon production in 2024 following several years of steady increases. In 2023, distillers produced nearly 3.2 million barrels of Bourbon, which was up 17.4 percent from the prior year. In 2024, they produced just over three million barrels. While this was down from 2023, it was still 12 percent higher than production levels in 2022. IMPLAN estimates that Kentucky's Bourbon distilleries produced \$6.9 billion in total output in 2024.

Figure 1-B Barrels of Bourbon and Other Aging Spirits Produced, and Warehouse Inventory, Kentucky Totals, 1970-2024



Source: Kentucky Distillers' Association and Kentucky Department of Revenue.

Inventory reflects the inventory as of December 31 of each year.

While age is an important characteristic of Bourbon, there are no federal requirements that specify how long Bourbon must age within a new charred oak barrel. However, Bourbon must have aged at least two years to be labeled straight Bourbon and must show age on the label if it was aged less than four years. In addition, older Bourbon typically commands a higher price. As a result, barrels are often emptied, or dumped, after aging for around four to eight years. Figure 1-C shows the number of Bourbon barrels stored in Kentucky's bonded warehouses by the year they were produced. Just over 70 percent of the Bourbon inventory in 2024, or 11.4 million

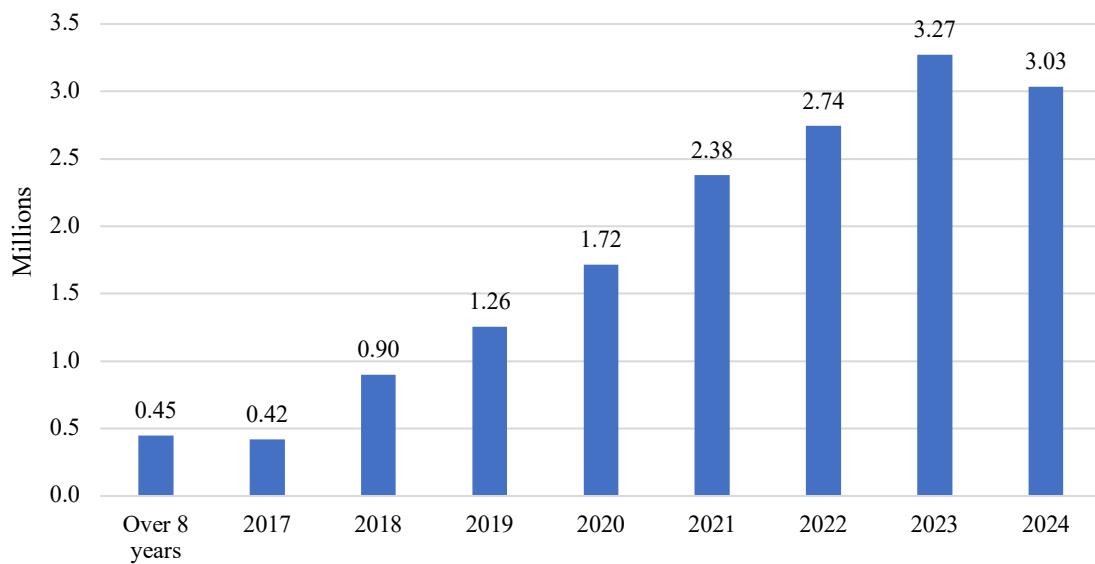
⁸ United States. Department of the Treasury, Alcohol and Tobacco Tax and Trade Bureau. Distilled Spirits Reports. <https://www.ttb.gov/regulated-commodities/beverage-alcohol/distilled-spirits/statistics>

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barrels, was produced within the past four years. Only three percent of the inventory was older than eight years.

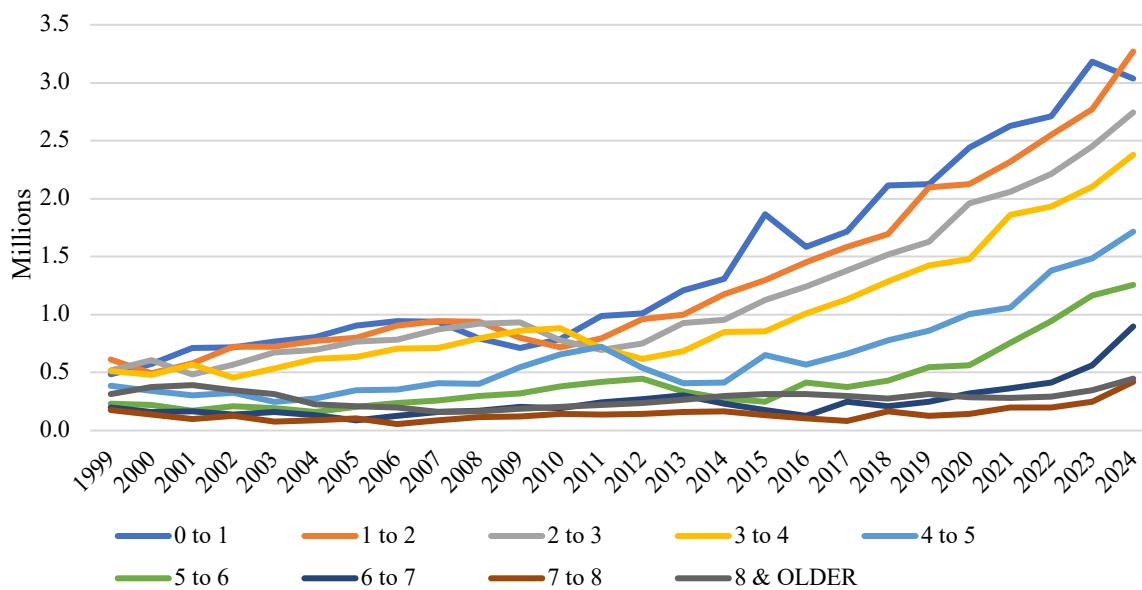
Because Bourbon is aged for years, the inventory available in any given year is partially determined by production decisions made years earlier. Figure 1-D shows how the inventory of Bourbon at different ages has changed over time. Not surprisingly, as Bourbon production began to accelerate around 2012, Bourbon inventories that had aged less than three years began to increase. During this time, inventories of older Bourbon began to decline. This was likely due to the demand for Bourbon growing faster than production in prior years. In recent years, inventories have increased across all ages.

Figure 1-C Number of Bourbon Barrels in Inventory by Year Produced



Source: Kentucky Department of Revenue, as produced for purposes of annual property tax assessments and provided to the Kentucky Distillers' Association.

Figure 1-D Kentucky Bourbon Inventory by Age in Years



Source: Kentucky Department of Revenue, as produced for purposes of annual property tax assessments and provided to the Kentucky Distillers' Association.

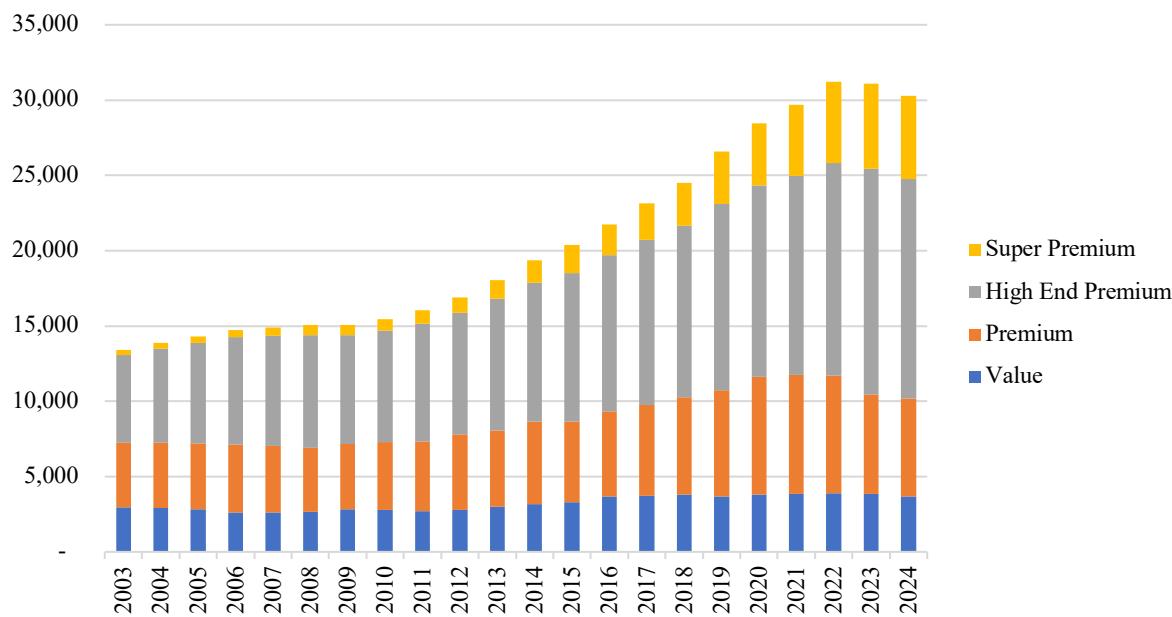
National Sales of Whiskey

Data on sales of Kentucky whiskey are not available. However, the Distilled Spirits Council of the United States (DISCUS) reports on national spirits sales. U.S. distillers sold 30 million 9-liter cases that generated \$5.2 billion in 2024. Figure 1-E shows the number of cases sold by brand levels. Total sales began to increase rapidly in 2012 and climbed steadily through 2022, increasing by 85 percent as increasing demand for high-end Bourbon drove the market. Despite falling in 2023 and 2024, whiskey sales were still 79 percent higher in 2024 than in 2012. Nevertheless, these recent decreases do reflect a change from the trend of rapid growth that has dominated the market for the past several years. This is a common occurrence in markets as they mature. While DISCUS has not yet released 2025 sales data, a recent report from NielsonIQ suggests that sales declined further in 2025. While the report only covered off-premise sales, it showed that total value of distilled spirits was down 1.8 percent in 2025 compared to 2024. On a more positive note, NielsonIQ also reported that total volume was up 2.4 percent. This suggests consumers increased spirit purchases in 2025 but spent less. It's unclear to what extent this was due to lower prices or consumers substituting to lower-priced spirits.⁹

⁹ NielsonIQ. 2025 Year in Review, Recapping 2025 Beverage Alcohol Off Premise Trends in the U.S. 2026..

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Figure 1-E U.S. Whiskey Sales by Branding, Cases of 9-liter Bottles (000s)

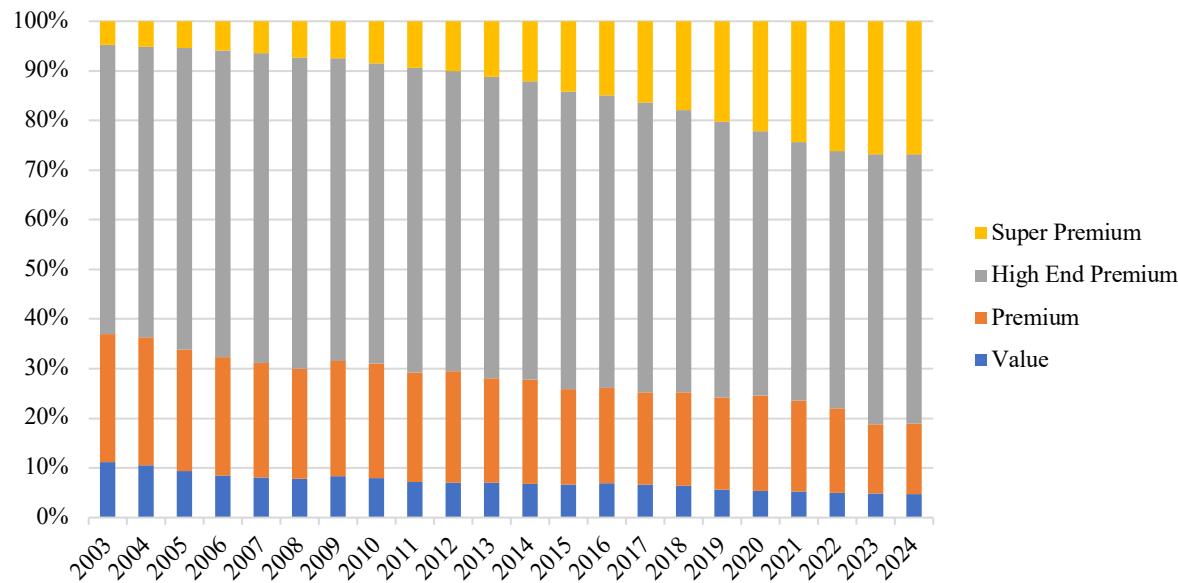


Source: Distilled Spirits Council of the United States, 2024 American Whiskey Category Fact Sheet.

<https://www.distilledspirits.org/wp-content/uploads/2025/02/2024-American-Whiskey-Fact-Sheet-NEW.pdf>.

Figure 1-E also shows how the mix of sales has changed across price levels. High-end and super premium whiskeys have experienced the largest growth in revenues and have increasingly dominated the market. In 2024, these high-end and super premium brands accounted for 66 percent of the cases sold. Because they command a higher price than premium and value whiskeys, they accounted for 81 percent of whiskey revenues in 2024 (Figure 1-F). This is up from 63 percent in 2003 and 70 percent in 2012. Super premium and high-end premium brands have accounted for 89 percent of the growth in distilled spirits revenue from 2012 to 2024.

Figure 1-F Share of U.S. Whiskey Revenue by Branding



Source: Distilled Spirits Council of the United States, 2024 American Whiskey Category Fact Sheet.

<https://www.distilledspirits.org/wp-content/uploads/2025/02/2024-American-Whiskey-Fact-Sheet-NEW.pdf>.

Employment Trends

Figure 1-G shows monthly distillery employment for Kentucky and the U.S. from 2001 to the first quarter of 2025. The data show two periods of time with distinctly different employment trends. From 2001 through 2012, distillery employment grew at a fairly modest pace. U.S. employment in the distilling industry grew at an annual rate of 1.3 percent per year. In Kentucky, distilling employment grew more slowly with an annual rate of 0.9 percent per year.

These trends began to change in 2012, mirroring the increases in production and inventory discussed above. From 2012 to 2024, U.S. distillery employment increased at an annual rate of 10.6 percent per year. Employment in Kentucky's distilling industry grew at a rate of 7.2 percent per year. By comparison, total employment grew at an average annual rate of 1.4 percent in the U.S. during this period and at an average annual rate of one percent in Kentucky. While distillery employment grew more quickly in the U.S. than Kentucky over this period, this is partially due to Kentucky having a more mature distilling industry.

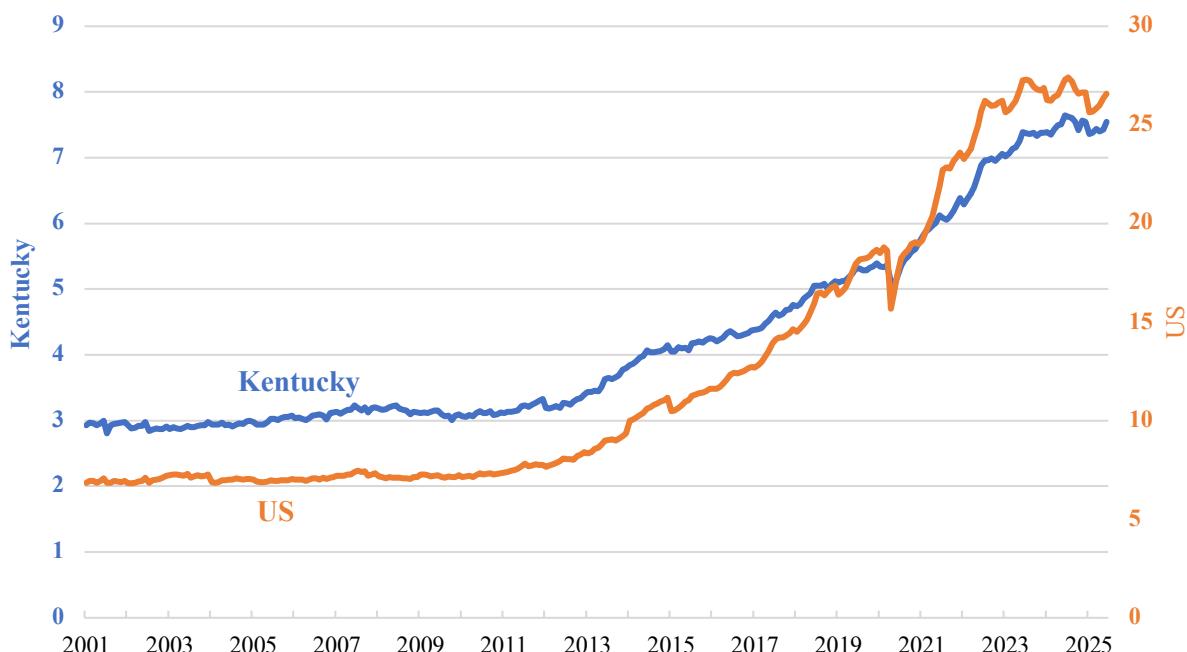
By June 2024, Kentucky's distilleries reported 7,644 jobs, the highest level recorded. Since then, employment has fluctuated monthly, down in some months and up in others. Overall, employment seems to have plateaued over the past year and a half. As of June 2025, the most recent data available, Kentucky's distillery industry reported 7,542 jobs, 130 percent higher than

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in June 2012 and only down 102 workers from its peak in June 2024, despite staffing cuts at several distilleries.

KDA members were asked how employment levels changed from June of 2024 to June 2025. Of the 55 members responding, 29 reported higher employment in June 2025, 17 reported lower employment, and 12 reported no change. The largest publicly announced reduction was from Brown-Forman, which announced last year that it would close its Louisville cooperage and reduce its global workforce by 12 percent, about 650 employees.¹⁰ In total, employment among these KDA distilleries decreased by 332 jobs, or seven percent.

Figure 1-G
Monthly Distillery Employment
Kentucky and U.S.



Source: United States. Bureau of Labor Statistics. Quarterly Census of Employment and Wages. NAICS 31214.

Distilling's Share of the Kentucky and U.S. Economy

Figure 1-H shows output and employment in Kentucky's 40 top domestic and foreign exporting industries as a share of the state's total output and employment. The data for this analysis comes from IMPLAN. The figure focuses on these exporting industries because they sell goods and services outside the state. By doing so, these industries help attract new spending to the state and support the state's economic growth. This contrasts with industries that mainly provide goods

¹⁰ Brown-Forman, Brown-Forman Announce Series of Strategic Initiatives for Growth. Jan. 14, 2025.

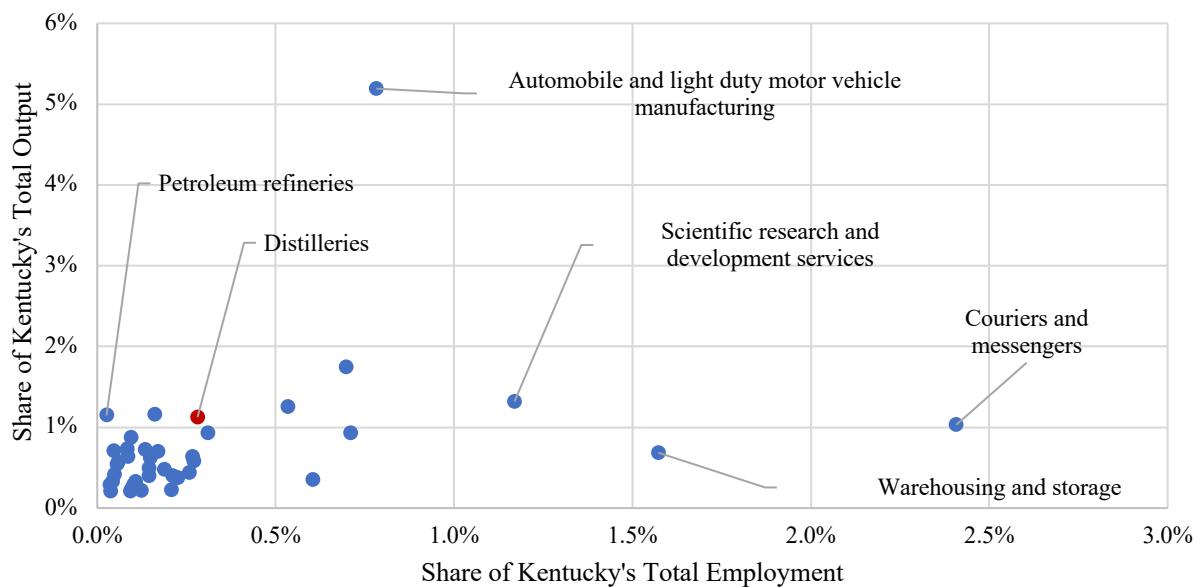
<https://www.brown-forman.com/article/brown-forman-announces-series-strategic-initiatives-growth-company-restructure-globally>

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and services to Kentucky residents. These industries, which include grocery stores, health care, and personal services, provide vital goods and services to the residents. However, they mainly grow as the population and incomes grow.

IMPLAN estimates that Kentucky's distilled spirits industry supported an average employment of 7,844 jobs and \$6.9 billion in output during 2024. Note that IMPLAN's employment estimate is higher than the Bureau of Labor Statistics' estimate of 7,509 because it includes proprietors' employment. This amounts to 0.3 percent of the state's total employment and 1.1 percent of the state's total output. While this appears to be a small fraction of the state's economy, as can be seen in Figure 1-H, this is fairly typical when looking at narrowly defined industries. Even petroleum refineries only account for 1.1 percent of the state's output and 0.03 percent of the state's employment.

Figure 1-H
Kentucky's Top 40 Domestic and Foreign Exporting Industries'
Share of Kentucky Employment and Output



Source: IMPLAN model of Kentucky using 2024 economic data.

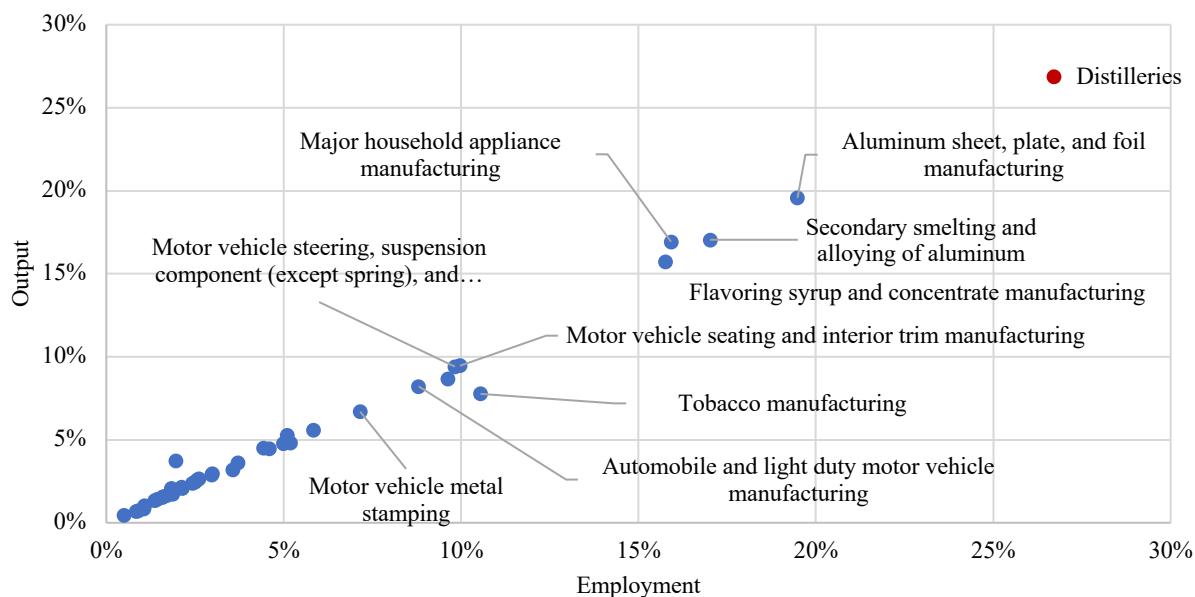
Kentucky is a relatively small state compared to the U.S., accounting for 1.2 percent of total U.S. output and 1.3 percent of total employment. However, Kentucky accounts for a disproportionate share in certain industries. Figure 1-I shows Kentucky's top 40 exporting industries again. However, for each industry, the figure shows Kentucky's output as a percentage of U.S. output in the industry and Kentucky's employment as a percentage of U.S. employment in the industry.

Kentucky has a strong presence in several industries, especially motor vehicle manufacturing. However, Kentucky's distilleries stand out the most. Kentucky's distillers produce 27 percent of

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U.S. distillery output and account for 27 percent of the nation's distillery employment. Kentucky also dominates all other states in distillery output, employment, and labor income. Tennessee, the state with the second-largest share of distillery employment, only accounts for 2,414 jobs, or 8.4 percent of the nation's distilled spirits jobs. While automobile and light duty motor vehicle manufacturing is one of Kentucky's largest exporting industries, it is not as "uniquely" Kentucky as distilled spirits. Kentucky only accounts for nine percent of the nation's automobile and light duty motor vehicle manufacturing output and nine percent of the nation's employment in this industry.

Figure 1-I
**Kentucky's Top 40 Domestic and Foreign Exporting Industries'
Share of U.S. Employment and Output**

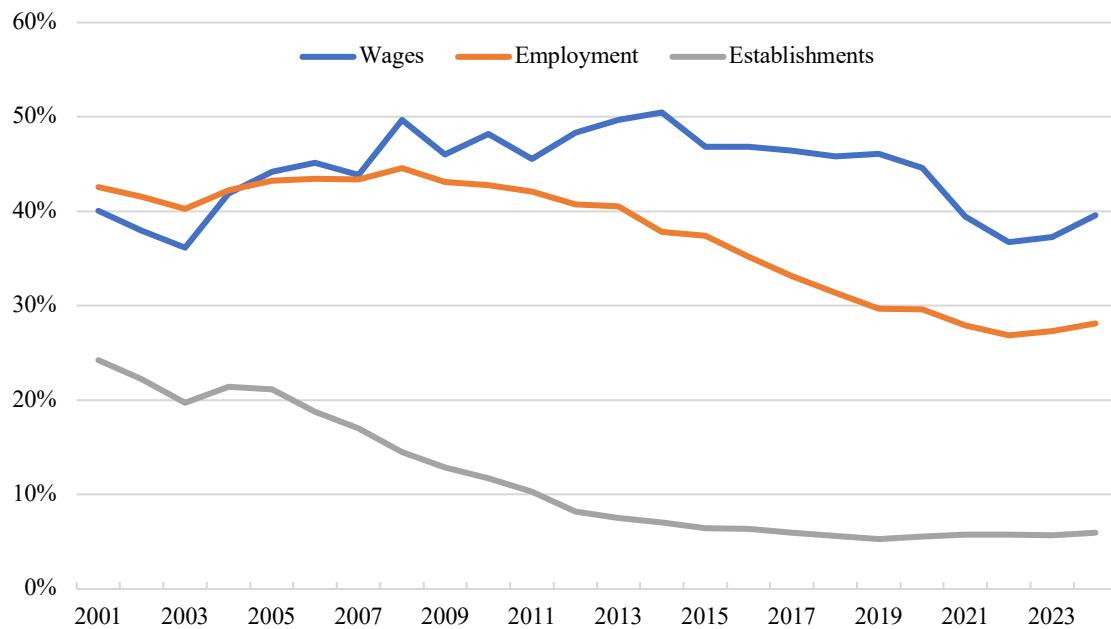


Source: IMPLAN model of Kentucky using 2024 economic data.

Kentucky has a long-established distilled spirits industry. However, as demand for distilled spirits increased in recent years, new distilleries have opened across the country, even in states where there was little distilled spirits activity. So, while the distilling industry has grown rapidly in Kentucky since 2012, it has grown at a faster rate nationally. As a result, Kentucky's share of the U.S. distilling industry gradually declined over most of this period (Figure 1-J). In 2001, Kentucky accounted for 24 percent of distillery establishments in the U.S. By 2024, Kentucky accounted for only six percent.

Much of the national growth occurred among smaller distilleries. For example, in 2001, there were only 16 distilleries in the U.S. that employed fewer than five people. By 2023, there were 578 distilleries employing fewer than five people. Kentucky's share of U.S. distillery employment and wages also declined during much of this period but improved in 2023 and 2024.

Figure 1-J
Kentucky's Share of U.S. Distilling Industry, 2001 to 2024



Source: United States. Bureau of Labor Statistics. Quarterly Census of Employment and Wages. NAICS 31214.

Recent and Planned Investments by Kentucky Distillers

Over the past several years, Kentucky's distillers have increased production capacity, built new warehouses, developed visitor centers, and made other investments to meet the increased demand for Bourbon and Bourbon-related tourism through the KDA's Kentucky Bourbon Trail® program. The 55 KDA members responding to the survey reported that they had invested \$2.1 billion in Kentucky over the past five years (Figure 1-K). Most of the investments, 65 percent, were investments in buildings. Nearly 29 percent consisted of investments in manufacturing machinery. The remaining investments were in other types of tangible property.

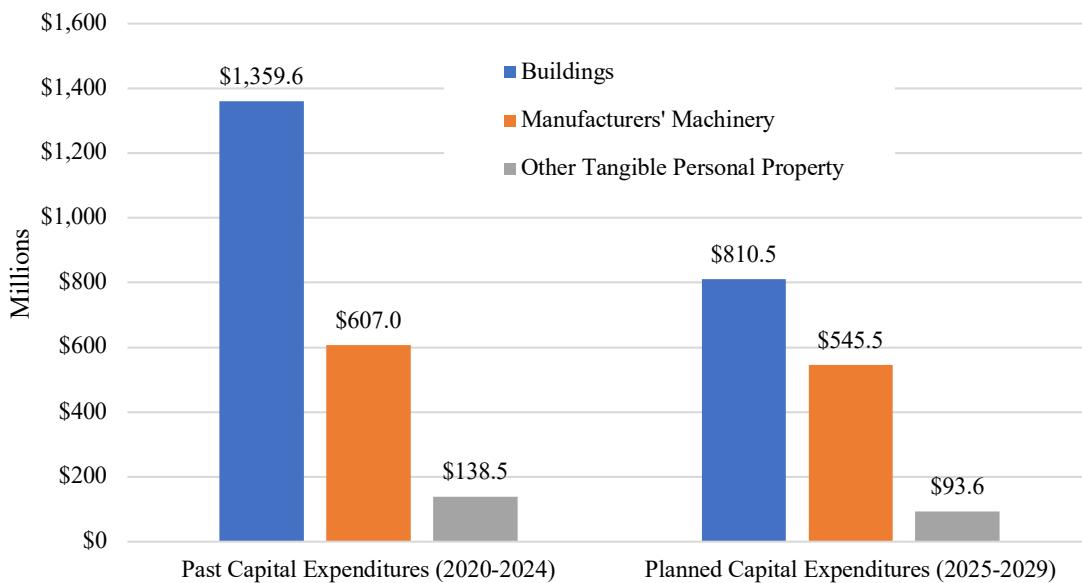
Looking forward, KDA members expect investments to continue but at a slower pace (Figure 1-K). As of the summer of 2025, they are planning investments of \$1.45 billion over the next five years. The difference between past and planned investments is mostly seen in buildings. Distilleries are planning investments of \$545 million in machinery, which is fairly comparable to investments in machinery made over the past five years.

The lower level of investments likely reflects recent market conditions. Kentucky distilleries have already made substantial investments to increase production capacity and build facilities to expand in the future. Also, as discussed above, while sales of U.S. whiskey remain high, they have declined somewhat over the past two years. With increased production and lower sales, inventories have increased. Distillers are likely to be more cautious with their investments as

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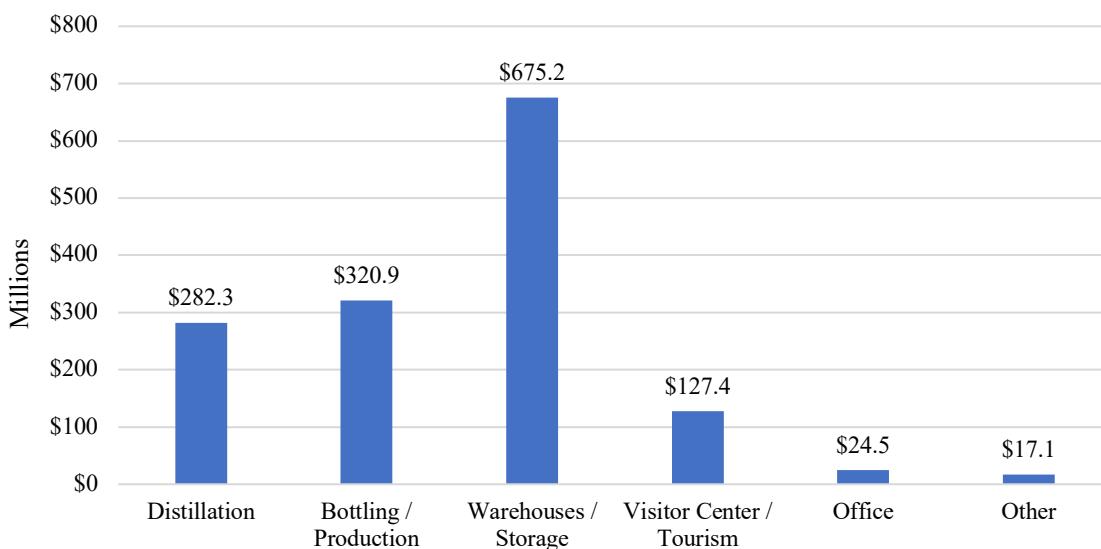
they wait to see just how strong the domestic appetite for Kentucky whiskey is and how foreign markets and trade policies will develop over the next few years.

Figure 1-K
Recent and Planned Capital Expenditures of
55 KDA Members Responding



Source: 2025 Survey of KDA members.

Figure 1-L
Planned Capital Expenditures Over 2025 to 2029
by Type of Asset of 55 KDA Members Responding

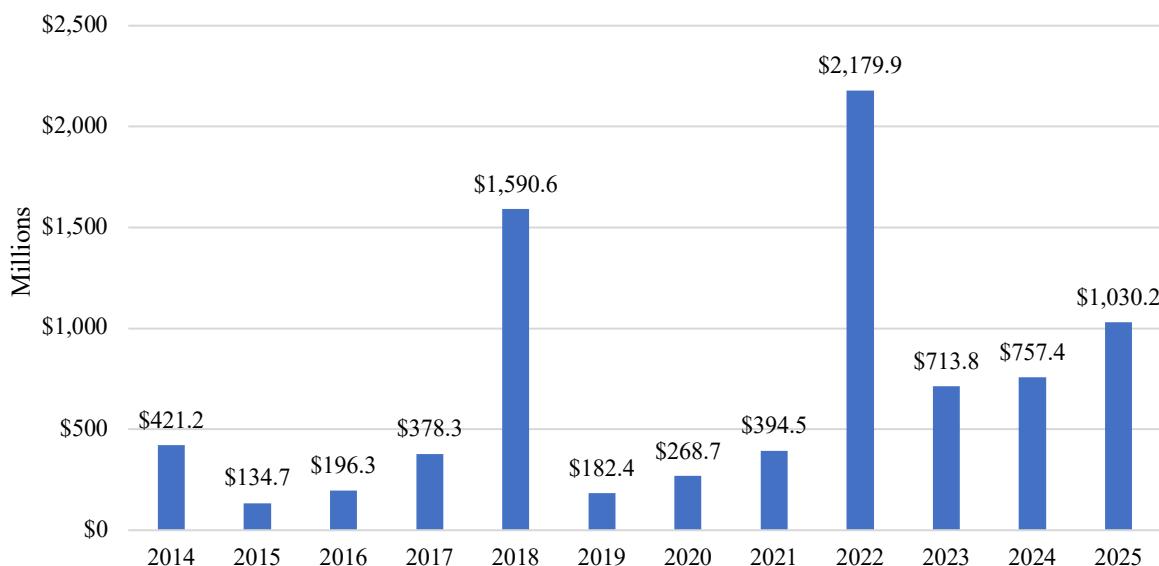


Source: 2025 Survey of KDA members.

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The Kentucky Cabinet for Economic Development reports announced projects that have been approved for incentives (Figure 1-M). The figures represent announcements of planned investments rather than actual investments. Some announced projects might not occur. Those that do occur might see different levels of investment than initially announced and the investments might occur over several years. In 2022, the Cabinet reported over \$2 billion in announced distillery-related projects. This was a substantial jump from the prior year. During the following two years, announced investments returned to more typical levels, \$714 million in 2023 and \$757 million in 2024. There have been four new projects announced for 2025, totaling over \$1 billion.

Figure 1-M Announced Investments by Kentucky Distilleries



Source: Kentucky Cabinet for Economic Development.

Challenges

Kentucky's distilling industry faces several challenges over the next few years. Strong growth since 2012 has attracted significant investments, resulting in higher production and larger inventories. While sales remain high, they have declined somewhat due to changing consumer preferences and competition from other products. When supply exceeds demand, the market must adjust. This can contribute to lower prices to help reduce inventory and slower production until supply is more in line with demand. Both Jim Beam and Diageo, among others, announced they would pause production or cut back shifts.¹¹¹²

¹¹ Bacon, Auzinea. *Jim Beam pauses production at main distillery as bourbon inventories rise*. CNN. Dec. 21, 2025. <https://www.cnn.com/2025/12/21/business/jim-beam-tariffs-pause-production/>.

¹² Drinks Digest. Diageo pauses production at Kentucky distillery. Mar. 8, 2025, <https://drinksdigest.com/2025/03/08/diageo-pauses-production-at-kentucky-distillery/>.

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The adjustment period can be particularly challenging for smaller distilleries and new entrants, which might have less experience and fewer financial resources to pay bills and service debt. As a result, some distilleries might exit the market. The Herald-Leader has reported on at least two new distilleries facing financial difficulties over the past year. One filed for bankruptcy protection, and the other was placed in receivership. Several smaller distillers in other states have also closed.¹³ Distillers in other countries, including Scotland and Ireland, have paused production as global supply outpaces demand.¹⁴

Despite these recent challenges, Kentucky's distilling industry has experienced significant growth in recent years. While national whiskey sales fell in 2023 and 2024, sales in 2024 were still 79 percent higher than in 2012. Although some distilleries have reported reducing their payrolls, total employment in Kentucky's distillery industry for June 2025 was only down 102 jobs, or 1.3 percent from its peak in 2024. This was still 130 percent higher than in 2012.

Periods of slower growth and contractions are common in markets and the overall economy. The distilled spirits industry appears to be experiencing this type of situation. Looking forward, these challenges could cause distilleries to reduce employment and postpone planned investments. It could also result in some distilleries leaving the market. Some of these challenges are likely to be temporary while distilleries bring their inventories and production levels more in line with long-term demand.

There are signs of market conditions somewhat normalizing, too. IWSR reports Generation Z consumers are re-engaging with alcohol. U.S. participation rates among Gen Z consumers have risen from 46% to 70% in the last two years. The generational shift of Gen Z consumers away from alcohol is often cited as a reason for slowing sales.

Ready-to-drink alcoholic beverages (RTDs), and especially spirits-based RTDs, continue to grow despite slowing sales in other alcohol categories. RTDs share of total beverage alcohol growth doubled from 4% to 8% between 2019 and 2024 and is expected to reach 9% by 2029, according to IWSR. NielsenIQ also reports that off-premise sales have been shifting to RTDs. They noted that spirits RTD were up 25.6 percent in 2025.¹⁵

Spirits-based RTDs reached nearly 80 million 9-liter cases in 2025, quintupling from 16 million cases in 2020 and surpassing vodka as the largest U.S. spirits segment by volume, according to a report from Shanken News Daily.

¹³ Snider, Mike. "Bankruptcies hit US spirit makers as Americans drink and spend less." *USA TODAY*. Dec. 25, 2025. <https://www.usatoday.com/story/money/food/2025/12/25/liquor-spirits-industry-bankruptcies/87914241007/>

¹⁴ Verstl, Ina. "Irish drinks industry: whiskey in trouble." *Brauwelt International*. Aug 22, 2025.

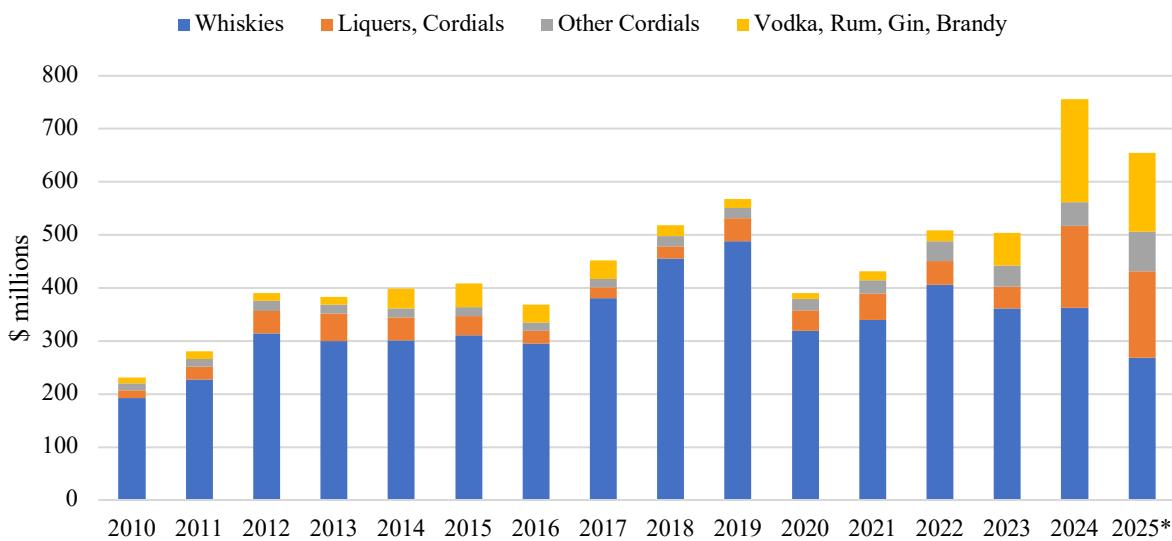
<https://brauwelt.com/en/international-report/europe-russia/648433-irish-drinks-industry-whiskey-in-trouble#:~:text=Ireland%20%7C%20Only%20in%202022%20had,a%20short%2Dlived%20whisky%20boom.>

¹⁵ NielsenIQ. 2025 Year in Review, Recapping 2025 Beverage Alcohol Off Premise Trends in the U.S. 2026.

Chapter 2 Exports of Kentucky Distilled Spirits

From 2010 to 2019, Kentucky's distillers saw significant growth in exports to foreign markets. These gains were driven primarily by strong demand for Kentucky's whiskies (Figure 2-A). By 2019, Kentucky's distilled spirits exports reached a record high of \$567.7 million, due largely in part from distillers stockpiling whiskey overseas in an attempt to beat enactment of retaliatory tariffs. The following year, exports fell 31.2 percent. Exports remained low through 2023. In 2024, Kentucky's distillers exported \$755.5 million. Exports for the first 10 months of 2025, the most recent data available, were down 12 percent from the same period in 2024. Through the ups and downs of Kentucky's exports, two distinct stories have emerged. First, exports of whiskey declined in 2019 and did not recover. Second, non-whiskey exports increased in 2024.

Figure 2-A Value of Kentucky Spirits Exports by Category



Source: U.S. Census Bureau. Foreign Trade Division State HS Database, <https://usatrade.census.gov>.

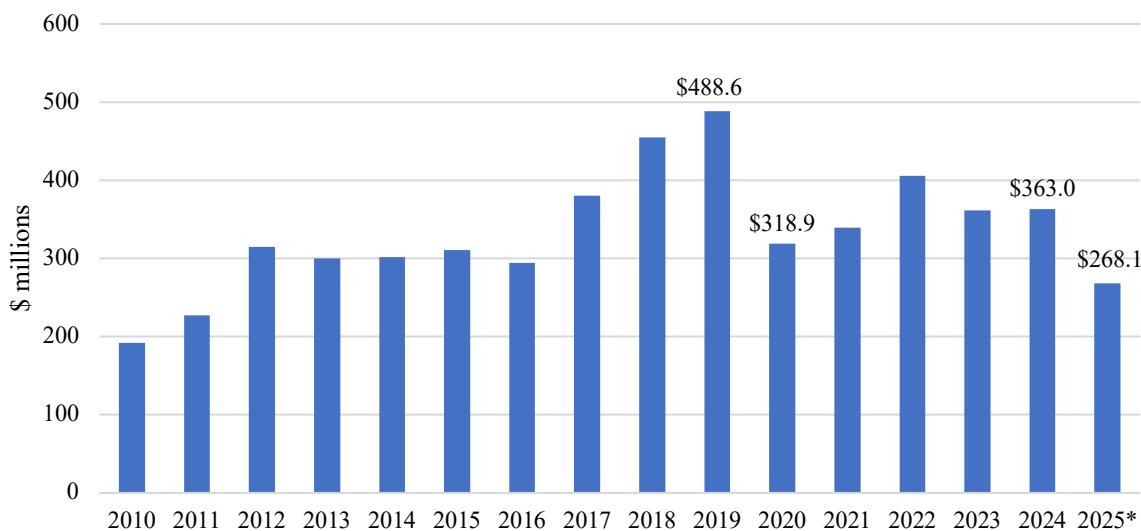
* Data for 2025 reflects exports from January through October.

Whiskey Exports

Kentucky's whiskey exports peaked in 2019 with a total value of \$488.6 million (Figure 2-B). At the time, whiskey accounted for 86 percent of the state's distilled spirits exports. However, whiskey exports fell \$170 million in one year, a decline of 35 percent. Kentucky's whiskey exports for the first ten months of 2025 were down nearly 12 percent compared to the same period in 2024. Data for November and December 2025 have not been released. These decreases generally coincide with major changes in international trade policy and are discussed further below.

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Figure 2-B Value of Kentucky Whiskey Exports



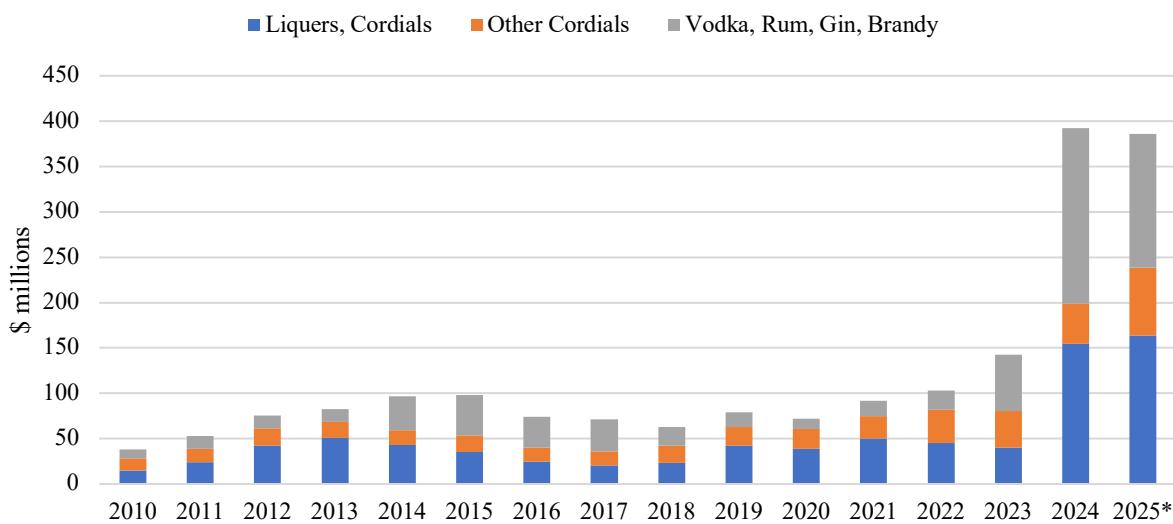
Source: U.S. Census Bureau. Foreign Trade Division State HS Database, <https://usatrade.census.gov>.

* Data for 2025 reflects exports from January through October.

Non-whiskey Exports

While Kentucky's whiskey exports have not recovered, the Commonwealth recently has seen growth in the exports of its other spirits (Figure 2-C). Exports of liqueurs and cordials increased from \$40.2 million in 2023 to \$154.5 million in 2024, a gain of 284 percent. Kentucky's exports of vodka, rum, gin, and brandy increased by 213 percent in 2024. While gin accounted for some of these gains, the majority was due to increased sales of vodka.

Figure 2-C Value of Kentucky's Non-whiskey Distilled Spirits Exports



Source: U.S. Census Bureau. Foreign Trade Division State HS Database, <https://usatrade.census.gov>.

* Data for 2025 reflects exports from January through October.

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Historically, there has been relatively little trade of vodka between the U.S. and Ireland. However, that began to change in 2023 and 2024 (Table 2-1). U.S. vodka exports to Ireland increased from \$40.3 million in 2023 to \$135.6 million in 2024. Prior to 2022, Kentucky did not export any vodka to Ireland and exported only \$30,269 in 2022 and \$34.2 million in 2023. In 2024, Kentucky's vodka exports to Ireland jumped to \$128.3 million. The increase of exports from Kentucky to Ireland essentially accounted for all the increase in U.S. vodka exports to the country.

Likewise, U.S. imports of vodka from Ireland rose from under \$1 million in 2024 to \$21.1 million in 2025. Kentucky had not imported any vodka from Ireland prior to 2023. However, in 2025, Kentucky imported \$18.7 million worth of vodka products from Ireland. Again, Kentucky accounted for nearly all the increase in U.S. vodka imports from Ireland.

Table 2-1 Vodka Exports to and Vodka Imports from Ireland (\$ millions)

	U.S.		Kentucky	
	Exports	Imports	Exports	Imports
2021	\$0.0	\$0.1	\$0.0	\$0.0
2022	\$6.6	\$0.6	\$0.0	\$0.0
2023	\$40.3	\$0.4	\$34.2	\$0.0
2024	\$135.6	\$0.9	\$128.3	\$0.0
2025*	\$108.2	\$21.1	\$95.1	\$18.7

Source: U.S. Census Bureau. Foreign Trade Division State HS Database, <https://usatrade.census.gov>.

* Data for 2025 reflects exports from January through October.

Trade Policy

The decline in whiskey exports appears to be due largely to changes in trade policy between the U.S. and several of its trading partners. Prior to 2018, there were no tariffs on the trade of distilled spirits between the U.S. and the European Union. Similarly, under NAFTA, there were no tariffs imposed on the trade of spirits between U.S., Canada, and Mexico. However, in March of 2018, the U.S. imposed 25 percent tariffs on steel and 10 percent tariffs on aluminum imports. In the summer of 2018, the E.U. and Canada retaliated by levying a respective 25 percent tariff and a 10 percent tariff on whiskey imported from the U.S. Other countries, such as China, also responded by raising tariffs on the U.S., but the E.U. and Canada have been major purchasers of Kentucky's distilled spirits. The E.U. historically has been the largest export market for Kentucky Bourbon, while Canada has been the largest export country.

After negotiations, the E.U. and Canada suspended these higher tariffs, and the U.S. agreed to end tariffs on steel and aluminum from the E.U. and Canada. However, in 2025 the U.S. reinstated the tariffs on steel and aluminum. The E.U. responded by reinstating its tariffs on U.S. whiskey at 50 percent but quickly paused the increase. Canada reinstated tariffs on U.S. whiskey at 25 percent and all provincial liquor boards and territories pulled U.S. alcohol from store

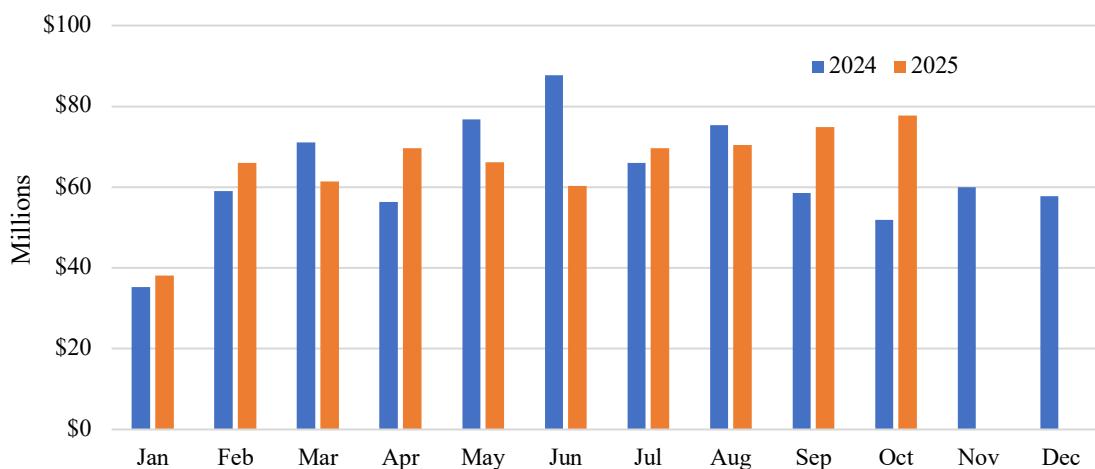
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shelves. Canada has since suspended its tariffs on U.S. whiskey, although only two of the 13 provinces and territories have returned U.S. alcohol to their shelves.

While Kentucky's non-whiskey exports have improved, whiskey exports remain below 2018 levels. Kentucky's whiskey exports for the first 10 months of 2025, the most recent data available, were down compared to the same period in 2024. Exports to Canada were down 42 percent over this period. Exports to the E.U. were down 13 percent. Total exports to all countries were down 12 percent.

Figure 2-D shows Kentucky's monthly exports of distilled spirits for 2024 and the first 10 months of 2025, the most recent data available. While exports of all spirits were up slightly, 2.6 percent, for the first 10 months of 2025, the monthly data shows the impact of trade tensions between the U.S., the E.U., Canada, and other countries. Monthly exports declined as higher tariffs were announced. Exports for June 2025 were down 31 percent compared to June 2024. As trade tensions eased somewhat, however, Kentucky's exports improved. The potential economic losses associated with a permanent decline of this magnitude are discussed in Chapter 3.

Figure 2-D Value of Kentucky Distilled Spirit Exports by Month for 2024 and 2025

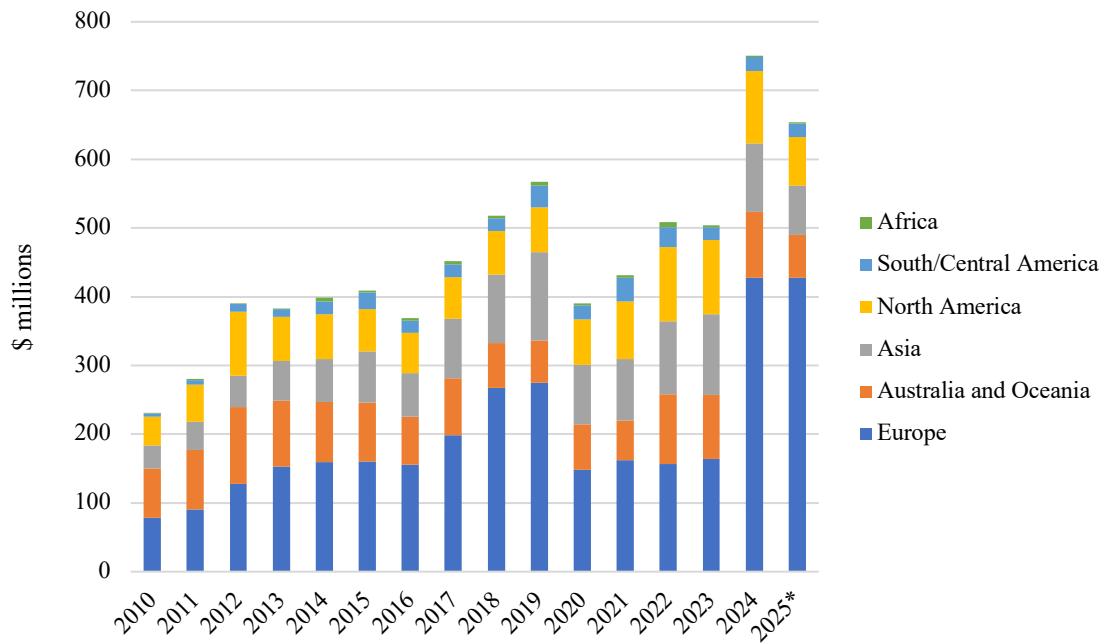


Source: U.S. Census Bureau. Foreign Trade Division State HS Database, <https://usatrade.census.gov>.

Figure 2-E shows Kentucky's exports by region and Figure 2-F shows the top 30 countries purchasing Kentucky's distilled spirits for 2024, the most recent full year available. In the past, Canada, Australia, Japan, and Spain have been among the top destinations for Kentucky's distilled spirits. While these countries are still major purchasers, Ireland and the Netherlands have jumped to the top with strong increases in their purchases of non-whiskey spirits. Together, these two countries accounted for 42 percent of Kentucky's distilled spirits exports in 2024.

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Figure 2-E Kentucky Exports of Whiskies by Region of the World (Value)

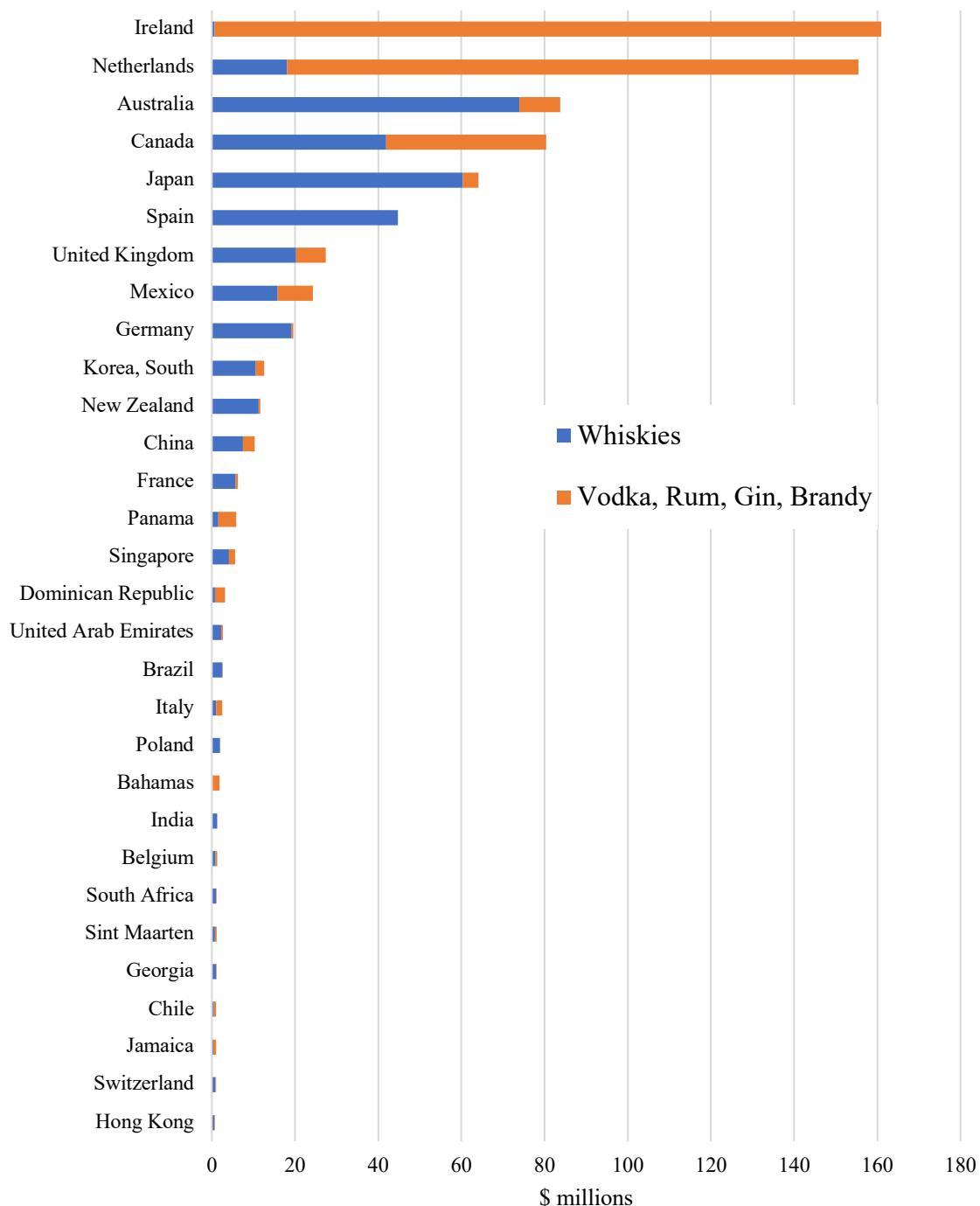


Source: U.S. Census Bureau. Foreign Trade Division State HS Database,
<https://usatrade.census.gov>.

* Data for 2025 reflects exports from January through October.

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Figure 2-F Top 30 Countries for Kentucky Spirits Exports, 2024



Source: U.S. Census Bureau. Foreign Trade Division State HS Database, <https://usatrade.census.gov>.

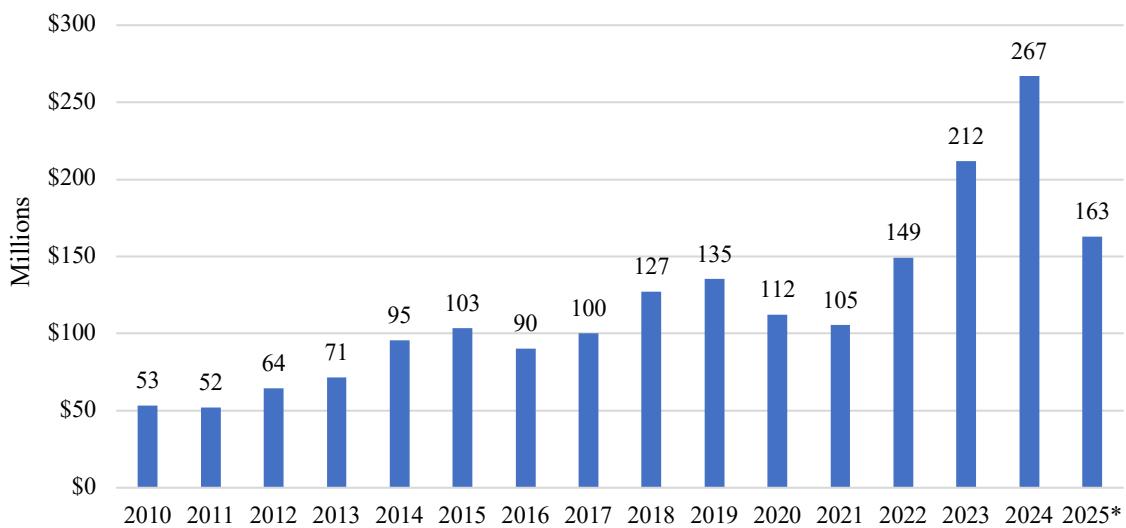
Barrel Exports

Because Bourbon must be aged in new charred oak barrels, barrels cannot be reused to produce additional Bourbon. As a result, Bourbon distilleries sell a portion of their used barrel to distillers of other spirits such as Scotch, rum, and craft beers. These other distilleries are often located in foreign markets. Figure 2-G shows the value of wood casks, barrels, and vats exported from Kentucky. The available data does not separate used Bourbon barrels from other types of wood casks, barrels, and vats. However, given the number of Bourbon barrels emptied each year in Kentucky, used Bourbon barrels likely account for a significant share of these exports.

The total value of Kentucky's exports of wood casks, barrels, and vats has been growing in recent years. However, it appears that 2025 exports will show a significant decline. Data for 2025 was only available through October. Over the first 10 months of 2025, exports were down nearly \$162.7 million, or 29 percent, compared to the first 10 months of 2024 and will likely end the year well below 2023.

Five countries—the United Kingdom, Ireland, Japan, Canada, and India—accounted for 87 percent of the 2025 exports. The United Kingdom alone accounted to 55 percent. Comparing the first 10 months of 2025 to the first 10 months of 2024, show that exports were down 27 percent to the United Kingdom and down 68 percent to Ireland. The decline in exports of used barrels represents lost revenue for Kentucky's distilleries.

Figure 2-G
Kentucky Exports of Wood Casks, Barrels, and Vats



Source: U.S. Census Bureau. Foreign Trade Division State HS Database, <https://usatrade.census.gov>. Commodity 441600 Casks, Barrels, Vats, Etc. and Parts, Of Wood.

*Data for 2025 include January through October.

Chapter 3 Economic Contribution of Kentucky's Distilled Spirits Industry

Kentucky's distilled spirits industry has experienced rapid growth since 2012. This is most directly seen in terms of employment. Data from the U.S. Bureau of Labor Statistics shows that the number of wage and salary jobs in the Kentucky's distillery industry increased from 3,103 in 2010 to 7,509 in 2024, a gain of 142 percent. However, these employment figures reflect only a portion of the distilling industry's contribution to the state's economy. Distilleries also support economic activity in many other sectors. As distillers purchase inputs and invest in their facilities, they help support jobs and earnings in other sectors throughout the Commonwealth. This chapter examines how Kentucky's distilled spirits industry helps support employment, earnings, and other measures of economic activity within the state.

Economic contributions are commonly grouped into three categories: direct, indirect, and induced.

Direct Contributions – When examining the economic contributions of an industry such as the distilled spirits industry, the direct contributions refer to the economic activity that occurs primarily at the distillers' operations. This includes the distilleries' production facilities, warehouses, visitor centers, and administrative offices.

Indirect Contributions – Indirect contributions refer to the economic activity associated with supplying the various inputs used by Kentucky's distilleries. These inputs include goods such as grain, water, barrels, and bottles. It also includes services such as legal, accounting, and building maintenance services. As Kentucky distilleries purchase these inputs, they help support the businesses that supply these inputs along with the workers they employ and the wages, salaries, and benefits they pay to their workers.

Indirect contributions include the activity at the business that directly supplies distilleries, but they also include activity further up the supply chain. For example, distillers purchase grain from farmers, but the farmers purchase equipment, fuel, and other supplies from other businesses. So, as distillers purchase grain, they help support economic activity at each of these various stages along the supply chain.

A key factor in understanding the distilling industry's indirect contribution to Kentucky's economy is the degree to which businesses along the supply chain purchase inputs from suppliers within Kentucky. Typically, the businesses within the distilled spirits supply chain will purchase a portion of their supplies from other Kentucky businesses. They purchase the rest of their

supplies from businesses outside the state. The spending that occurs outside of Kentucky, often referred to as leakage, generally does not support Kentucky's economic activity.¹⁶

Induced Contributions – Workers employed by distilleries and their suppliers will spend a portion of their earnings at other businesses located in Kentucky. As they do, they help to support these businesses and their workers. For example, distillery employees might spend a portion of their earnings building a house, shopping for groceries, or paying for entertainment activities. These are referred to as the induced contributions.

Each of these three types of economic contributions are typically measured in terms of employment, compensation, value added, and output. Employment includes both employees and proprietors. Compensation consists of wages, salaries, and benefits such as retirement contributions or employer-paid health insurance.

Output typically represents the monetary value of the goods and services an industry produces. It is a broad measure of economic activity as goods and services often are counted as output each time they move from one stage of the production process to another. As a result, output generally measures the total output produced at each of these stages. Value added is a narrower measure of economic activity. It refers to the difference in between the value of the goods produced and the cost of intermediate inputs used to produce them. For example, a distillery might purchase \$589 of inputs to make \$1,000 of distilled spirits output. By producing distilled spirits worth \$1,000, the distiller added \$411 in value to these inputs by transforming them into spirits.

Distillery Operations

The economic contribution of distillery operations in Kentucky was estimated using IMPLAN. IMPLAN is an input-output model that accounts for the various linkages between industries and the degree to which the inputs are purchased within the state. The model was customized to reflect data collected through surveys of KDA's member distilleries about their specific spending patterns. For example, the 2025 survey revealed that KDA members purchased 69 percent of their total grain from Kentucky. Appendix E provides additional information about the inputs into distilled spirits and the share of these inputs purchased within Kentucky.

Table 3-1 summarizes the economic contribution of the distilling industry in Kentucky. In 2024, Kentucky's distilled spirits industry supported 7,844 direct jobs in Kentucky.¹⁷ These are jobs at the distilleries' facilities. In addition, the distilling industry supported 9,685 indirect jobs at other Kentucky businesses that helped provide the inputs to produce distilled spirits. Finally, the distilling industry supported 6,405 jobs at Kentucky businesses that helped provide goods and

¹⁶ An exception is when a distiller purchases inputs from an out-of-state supplier that also happens to purchase some of its inputs from a Kentucky supplier. For example, a distillery might purchase barrels from a Tennessee cooperage that purchases wood from a Kentucky timber company.

¹⁷ Estimates from IMPLAN differed from estimates provided by the U.S. Bureau of Labor Statistics' QCEW. The main difference is that IMPLAN includes wage and salary employment and proprietor employment. The QCEW only includes wage and salary employment.

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services to the employees of distilleries and their suppliers. In total, Kentucky's distilled spirits industry supported 23,935 jobs in Kentucky with total labor income of over \$2 billion during 2024. Of this amount, wages and salary accounted for \$1.5 billion and the rest comes from employee benefits. The distilled spirits' operations and purchases from Kentucky's suppliers contributed \$10.6 billion in output to Kentucky's economy.

Kentucky's distilled spirits industry supports significantly more employment in the state than its breweries and wineries. Including direct, indirect, and induced contributions, Kentucky's breweries support approximately 1,424 jobs and its wineries support nearly 300 jobs.

Table 3-1 Annual Economic Contribution of the Distilling Industry in Kentucky

	Employment	Labor Income (mil.)	Value Added (mil.)	Output (mil.)
Direct	7,844	\$935.1	\$2,961.2	\$6,928.5
Indirect	9,685	\$711.2	\$1,156.7	\$2,529.8
Induced	6,405	\$372.2	\$688.9	\$1,170.3
Total	23,935	\$2,018.6	\$4,806.8	\$10,628.6

Source: Modified IMPLAN model of Kentucky using 2024 economic data.

Note: Labor income includes employee compensation and proprietors' income.

Kentucky's distilled spirits industry helps support economic activity through numerous other industries within the state. Table 3-2 shows some of the main industries that are supported by Kentucky's distilleries. The largest sector supported is wood container and pallet manufacturing, which are primarily cooperages. The production of Kentucky's distilled spirits supports more than 1,200 jobs and \$104 million in labor income annually within the state's wood container and pallet manufacturing sector. This impact is partially driven by the importance of barrels to the production of distilled spirits, but also by the degree to which the distillers rely on Kentucky cooperages. KDA members reported purchasing 67 percent of their barrels from Kentucky sources. Other industries supported by distilling include truck transportation, wholesale activities, grain farming and employment services.

Kentucky's distillery operations also support 507 jobs at Kentucky hospitals and 911 jobs at Kentucky's full and limited-service restaurants. These jobs are primarily supported as the employees of the distilleries and their suppliers spend a portion of their earnings in the state.

Table 3-2 Kentucky Industries Most Affected by the Distilling Industry

Industry	Employment	Labor Income (million)
Wood container and pallet manufacturing	1,223	\$104.04
Truck transportation	961	\$74.08
Wholesale - Other nondurable goods merchant wholesalers	786	\$66.99
Employment services	596	\$27.85
Other real estate	583	\$19.09
Hospitals	507	\$47.33
Full-service restaurants	495	\$15.98
Grain farming	474	\$13.88
Limited-service restaurants	416	\$12.02
Warehousing and storage	370	\$22.84
Insurance agencies, brokerages, and related activities	314	\$26.48
Wholesale - Machinery, equipment, and supplies	308	\$31.11
Management of companies and enterprises	303	\$35.76

Source: Modified IMPLAN model of Kentucky using 2024 economic data.

Note: Labor income includes employee compensation and proprietors' income.

Barrel Production

Data from the Department of Revenue show that Kentucky distilleries filled over three million barrels of Bourbon in 2024. KDA members reported spending \$708.5 million to purchase barrels in 2024. Sixty-seven percent of these purchases were from Kentucky cooperages. Table 3-3 lists 13 companies that produced barrels in Kentucky in 2024. The list comes from a search of the Kentucky Cabinet for Economic Development's facility database. The search included manufacturing companies that mentioned staves or barrels in their descriptions. These 13 companies reported employment of 2,039 jobs in 2024. However, many of these companies produce more than just barrels and likely supply barrels outside Kentucky. Therefore, Kentucky's distilled spirits industry does not support all of these jobs. The IMPLAN analysis, discussed above, estimates that Kentucky's distilled spirits industry supports 984 jobs in Kentucky's wood container and pallet manufacturing sector.

Table 3-3 Kentucky Barrel Production Facilities, July 2025

Company	City	County	Employment
Kentucky Cooperage LP, Ltd.	Lebanon	Marion	460
Robinson Stave LLC	East Bernstadt	Laurel	320
East Bernstadt Cooperage LLC/ CUMBERLAND COOPERAGE	East Bernstadt	Laurel	320
Graf Brothers Flooring, Inc.	South Shore	Greenup	300
Brown-Forman Cooperage	Louisville	Jefferson	186
Independent Stave Company	Morehead	Rowan	130
Benton Wood Products	Benton	Marshall	91
Dunaway Timber Co Inc	Fordsville	Ohio	70
Zak Ltd	Hodgenville	LaRue	50
Canton Wood Products LLC	Lebanon	Marion	33
Speyside Cooperage KY Inc	Shepherdsville	Bullitt	31
SS Stave Co Inc	White Plains	Hopkins	28
Kentucky Bourbon Barrel	Louisville	Jefferson	20

Source: Kentucky Economic Development Cabinet, Wood Container and Pallet Manufacturing NAICS 321920 with staves or barrels included in the companies' product descriptions.

Grain Production

By law, Bourbon is made from a mash bill that is at least 51 percent corn. Seth DeBolt, Director of the James B. Beam Institute for Kentucky Spirits, indicated producing a barrel of Bourbon requires approximately nine bushels of corn and three bushels of other grains such as malted barley, rye, and wheat (personal communication, January 15, 2025). Kentucky distillers produced more than 3 million barrels of Bourbon in 2024. Assuming nine bushels of corn were needed per barrel, distillers would have needed approximately 27.3 million bushels of corn. KDA members reported that 84 percent of the corn they purchased in 2024 came from Kentucky. This is up from 40 percent in 2014 (Coomes and Kornstein, 2023), a 110 percent increase. The U.S. Department of Agriculture reported that Kentucky farmers produced 227.8 million bushels of corn in 2024. Applying the percentage of corn that KDA members purchased from Kentucky to total corn purchases for the industry suggests that Kentucky distillers purchased roughly 10 percent of Kentucky's corn harvest in 2024. KDA members also reported that they purchased 29 percent of the other grains they used from Kentucky. See Appendix F for additional information on grain used by Kentucky distillers.

Other Inputs

While barrels and grain are two of distilled spirits' main inputs, distilleries require a wide array of other inputs and services to support their operations. A production function describes the purchase of goods and services that an industry makes to produce output. A production function for Kentucky's distilled spirits industry was estimated using data from IMPLAN and information provided by Kentucky distillers. The full production function is described in detail in Appendix E. The estimated production function for Kentucky's distilleries indicates that to produce \$1

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million of distilled spirits, distilleries purchase approximately \$57,800 in glass containers; \$87,000 in wholesale trade distribution services; and \$36,000 in transportation services; and numerous other inputs.

The production function also describes the share of these inputs that distilleries purchase from within the state, thus helping to support Kentucky businesses. For example, distillers source most of their glass products from suppliers outside of Kentucky. Only eight percent of expenditures for glass containers are estimated to come from Kentucky suppliers. These estimates are also discussed in Appendix E.

Potential Effects of Tariffs

There is a great deal of uncertainty related to U.S. trade policy, how other countries will respond to the U.S., and how this could affect Kentucky's distilled spirits industry. Ultimately, the effect will depend on any tariffs imposed on distilled spirits by other countries and how responsive foreign consumers are to higher prices that result from these tariffs. However, the results described in Table 3-1 provide some data that can help evaluate the potential impact of declining exports.

The analysis shows that \$100 million in distilled spirits output supports approximately 113 jobs directly in Kentucky's distilling industry and 232 jobs at other Kentucky businesses. Therefore, as production changes, distilleries and their suppliers would likely experience pressure to adjust their employment.

As noted in Chapter 2, exports of Kentucky spirits declined when the U.S. announced higher tariffs and U.S. trading partners imposed retaliatory tariffs. Kentucky's exports were down just over 30 percent in June 2025 compared to June 2024. An annual decrease in exports of 30 percent would represent a reduction of roughly 3.3 percent, \$225 million, in annual distilled spirits output. This level of output supports approximately 255 jobs in Kentucky's distilling industry and 523 jobs in other industries throughout the state. These other industries include cooperages, transportation firms, and corn growers. This amounts to \$30.4 million in labor income at distilleries and \$35.2 million in labor income at other Kentucky industries.

It is important to note that these estimates represent the potential impact based on recent decreases in whiskey exports. There are numerous reasons why this might not occur. First, the E.U. and Canada have suspended the retaliatory tariff increases imposed in 2025, although U.S. alcohol remains off the shelves in most Canadian provinces, and foreign demand might return once trade policy settles. Recently, the E.U. has delayed its planned retaliatory tariffs on U.S. products for six months, including distilled spirits, that were scheduled to take effect on Feb. 6.¹⁸ However, the Trump administration has threatened Canada with a 100% tariff on all imports of

¹⁸ Reuters. "EU to suspend 93 billion euro retaliatory trade package against US for 6 months," Jan. 23, 2026, <https://www.reuters.com/business/eu-suspend-93-billion-euro-retaliatory-trade-package-against-us-6-months-2026-01-23/>.

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Canadian goods into the U.S. if Canada follows through on a trade deal with China. So, there is clearly a great deal of uncertainty regarding the direction of trade policy.¹⁹

Both whiskey and non-whiskey exports improved after the tariff increases in 2025 were suspended. The potential losses would ultimately depend on the trade policy adopted by other countries and the response of foreign consumers. Also, other factors than tariffs might have contributed to the magnitude of the decline in June. In addition, Kentucky's distillers might find other markets to help offset a portion of any losses that might occur. Finally, distilleries may be reluctant to trim their payrolls, particularly if they believe the export market will recover or if they can identify new sources of growth.

The Kentucky Distillers' Association has noted that it takes years to build brand awareness and loyalty in new markets. Distillers have invested millions in marketing and international branding efforts in the last 25 years to persuade those consumers to switch to Kentucky Bourbon from what they were drinking, mostly Scotch whisky.

Capital Investments

While distilleries primarily contribute to the Kentucky economy through their operations, their investments in capital also help to support the state's economy. As they invest in distilling facilities, warehouses, machinery, and visitor centers, they hire construction contractors, purchase equipment and materials, and make other expenditures in the state. In doing so, they support employment and earnings at these businesses. As noted, KDA members reported \$2.1 billion in capital investments over the past five years. They anticipate new capital expenditures slowing to \$1.45 billion over the next five.

IMPLAN was used to estimate the annual employment and income that the planned investment could support. Assuming the \$1.45 billion in planned investments are evenly distributed across the next five years, there would be approximately \$288 million per year in planned investments. KDA members indicated that approximately 56 percent was planned investments in buildings. This was modeled in IMPLAN as the construction of new manufacturing structures.²⁰ The remaining 44 percent consisted of investments in manufacturing machinery and other tangible

¹⁹ Erickson, Bo, and Katharine Jackson. "Trump threatens Canada with 100% tariff over pending trade deal with China," Reuters, Jan. 24, 2026, <https://www.reuters.com/world/china/trump-threatens-canada-with-100-tariff-over-possible-deal-with-china-2026-01-24/>.

²⁰ Distilleries' investments could include various types of buildings including the actual distilleries, warehouses, or visitor centers. Each of these can have different economic contributions. To address this, the contributions were also modeled using different sectors in IMPLAN. Sectors 46-Construction of New Manufacturing Structures, 50-Construction of Commercial Structures including Farm Structures, and 51-Construction of New Nonresidential Structures. Using sector 46-Construction of New Manufacturing Structures yielded the lowest estimates of employment and income.

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properties. These were estimated using IMPLAN's spending patterns on facilities, fixtures, and equipment for beverage manufacturers.

The analysis suggests that annual investments of \$288 million would support 1,493 jobs and \$97.5 million income. This labor income is estimated to generate \$8.6 million in revenue from state income and sales taxes and local occupational license taxes.²¹ It should be noted that these economic impacts and the taxes associated with them only occur when the investments are being made.

Table 3-4 Estimated Average Annual Impact of Kentucky Distilling Industry's \$1.45 Billion Planned Investment Over Next 5 Years

Employment	Labor Income (millions)	Output (millions)	Property Taxes (millions)	Income, Sales, & Occupational Taxes (millions)
1,493	\$97.5	\$298.6	\$2.9	\$8.6

Source: IMPLAN model of Kentucky, using 2024 economic data.

These investments also would increase the property tax base, but how much this will affect property tax revenues is uncertain for several reasons. Manufacturing machinery is exempt from local property taxes. The taxable value of equipment will depreciate over time. Finally, it is unclear where the property would be located, and therefore, which local tax rates would apply. In past reports, an effective tax rate of one percent was applied to the total annual investment. This would suggest an annual property tax revenue of \$2.9 million.

²¹ Labor income includes wages, salaries, and supplements. To estimate the tax revenues, labor income was converted to wages and salaries assuming that wages and salaries account for 84.7 percent of labor income. The following effective tax rates were applied: 3.95% for state income, 4.56% for state sales, and 1.86% for local occupational license fees.

Chapter 4 Taxation and Fiscal Impacts

Kentucky's state and local governments collect taxes and fees from both the production and consumption of distilled spirits in the state. On the production side, state and local governments collect property taxes on the distillers' facilities, equipment, and aging spirits. State and local governments also collect income taxes and occupational license fees on the distillers' net profits and the earnings distillers and suppliers pay to their employees. As these employees spend these earnings within the state, a portion of the spending is subject to the state sales tax. On the consumption side, Kentucky levies several wholesale and retail taxes on the distribution and sale of distilled spirits within the state. These taxes are paid on all distilled spirits consumed in the state regardless of where they are produced.

Table 4-1 summarizes the estimates of these various taxes and fees. Taxes on the production of distilled spirits in Kentucky generated \$235.15 million in 2024. State government received \$135.4 million of these revenues, primarily through the individual income and sales taxes. School districts receive \$55.9 million of the production related tax revenues, primarily from property taxes on aging spirits. Taxes on the consumption of distilled spirits is estimated to have generated \$136.7 million in 2024. The state receives nearly all the consumption-related tax revenues.

While the table documents the most important taxes related to distilled spirits, it does not capture all the taxes related to the industry. The amounts that distillers pay in taxes on insurance premiums, motor vehicles, and utilities are not included due to the challenges in estimating these taxes. Additional information about the taxes that are included in Table 4-1 follows.

Table 4-1 Estimated Annual Kentucky Taxes on the Production and Consumption of Distilled Spirits, 2024

	Local Public Schools	City, County, Other Local Governments	Kentucky State Government	Total
Production-related				
Property taxes - real estate and tangible property	\$10,548,219	\$4,913,132	\$3,800,364	\$19,261,715
Property taxes - spirits aging in barrels	\$40,576,144	\$15,684,907	\$3,732,222	\$59,993,273
Individual income taxes from distillery-related payrolls			\$59,106,058	\$59,106,058
General sales taxes from distillery-related payrolls			\$68,380,416	\$68,380,416
Occupational taxes from distillery-related payrolls	\$4,793,891	\$23,070,599		\$27,864,489
Distilled spirits license fees**		\$94,824	\$389,070	\$483,894
Subtotal	\$55,918,253	\$43,763,461	\$135,408,131	\$235,089,845
Consumption-related				
Wholesale case tax*			\$223,105	\$223,105
Wholesale excise tax on volume*			\$17,232,813	\$17,232,813
Wholesale tax on value*			\$68,455,252	\$68,455,252
Retail sales tax, restaurants, bars, other for on-premise consumption*			\$13,998,880	\$13,998,880
Retail sales tax, sales for off-premise consumption*			\$25,558,415	\$25,558,415
Distilled spirits license fees**	\$8,117,296	\$3,103,890		\$11,221,186
Subtotal	\$8,117,296	\$128,572,355		\$136,689,651
Grand Total	\$55,918,253	\$51,880,757	\$263,980,485	\$371,779,496

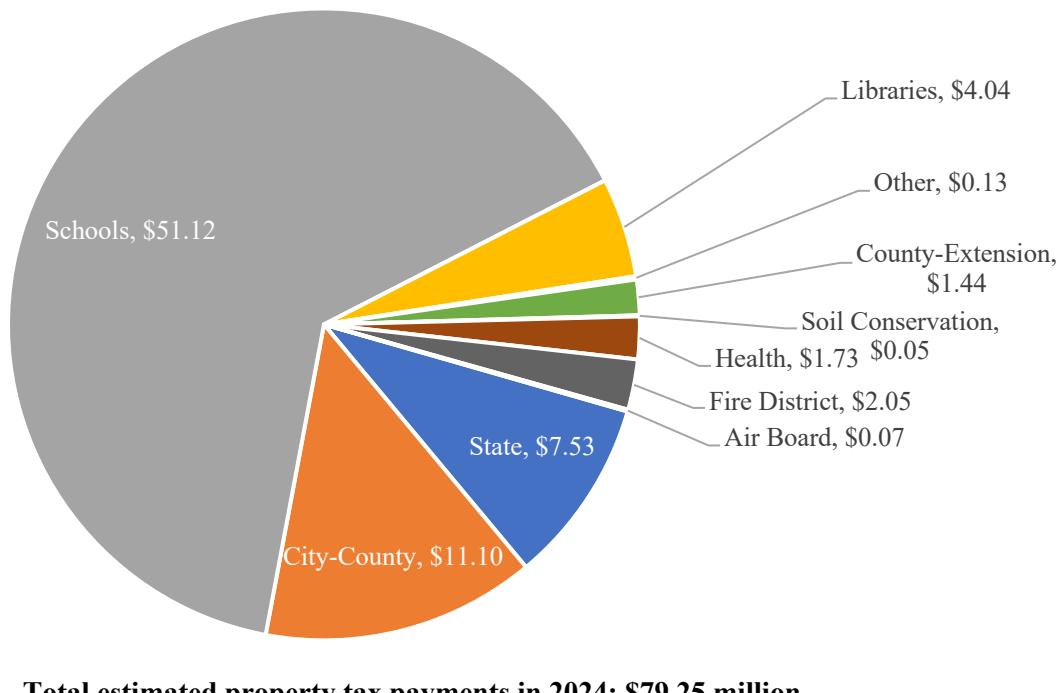
* Wholesale and retail taxes shown are for state fiscal year July 2024 to June 2025

** Production-related license fees are primarily for distillers and rectifiers licensees; consumption-related license fees are largely for retail and package drink licenses.

Property Taxes

Distilleries pay state and local property taxes on the assessed value of their real estate, equipment, spirits aging in warehouses, and inventories. Local taxing districts consist of counties, cities, and school, fire, health, library, and other special districts. The tax rates each district levies on real and tangible property can vary across these districts and within each district category. In 2024, Kentucky's distillers paid an estimated \$79.25 million in state and local property taxes. Figure 4-A shows the estimated property taxes paid by type of taxing district.

**Figure 4-A Estimated Property Taxes Paid
by Kentucky Distillers (\$ mil.), 2024**



As in past reports, the property tax payments were estimated primarily by collecting property tax bills for distilleries. Many of Kentucky's county PVA and sheriff offices now post property assessments and tax bills in online databases. These estimates required tracking distillery-owned properties and organizing public information on their 2024 tax bills.

The research faced several complications:

1. **A large increase in operations:** The number of distillery locations grew to about 124, compared to only a few in the 2009 study.

2. **Complex ownership:** Multiple names are often listed as owners for a single operation. A well-known brand may be owned by a corporation with a different name. A company might own dozens of properties, equipment, and rickhouses in various locations.
3. **Inconsistent data:** County sheriffs usually post tax bills for real estate, but not always for equipment or other tangible property. Furthermore, property assessments are not consistently displayed with the tax bills.

These issues were addressed in several ways. First, online databases were searched using all names linked to each known distillery based on their common name, corporate owner, and proprietors. Second, the term “distil” was searched in the databases. This helped find warehouses in other counties. Finally, specific addresses of known distilleries were searched when names did not provide a match.

All searches were checked against data from previous studies to ensure all known facilities were located. This data also helped identify search terms. This process may have missed some distilleries, but they are likely to be small and have little or no taxable property.

Tangible personal property tax bills are sometimes omitted from local databases, and this availability varies from year to year. In the past, such bills have disappeared one year and reappeared the next.

Data from a previous report was used to ensure the list of tangible personal property tax bills was as complete as possible. When a known bill was missing, bills from other years were checked. Although tangible personal property tax bills can vary significantly, filling gaps with data from an adjacent year was considered preferable to assuming no tax was paid.

Over time, local sheriffs’ offices have included less information in online tax bills, often linking to commercial websites. This means the distribution of taxes paid among different jurisdictions (state, county, city, library, etc.) is often not on the online bill.

For real property and the barrel inventory tax, this is not a problem. A single assessed value is taxed at rates known from other sources. Sometimes the assessment itself is not on the bill, but it can be calculated using the total tax rate and the amount paid.

Regular tangible personal property taxes, however, are different, and the missing data creates significant problems. This is because this other tangible personal property falls into six different classes.

- Some classes are taxed only by the state (like manufacturing machinery).
- Others are fully taxed by local jurisdictions.
- Three different state tax rates apply across these six classes.

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Previous studies show that a distiller's tangible personal property bill can change significantly from year to year based on how the assessed value is distributed among these property classes. If a distiller's overall assessed value remains similar, but the mix of property classes changes, the final tax bill can be very different.

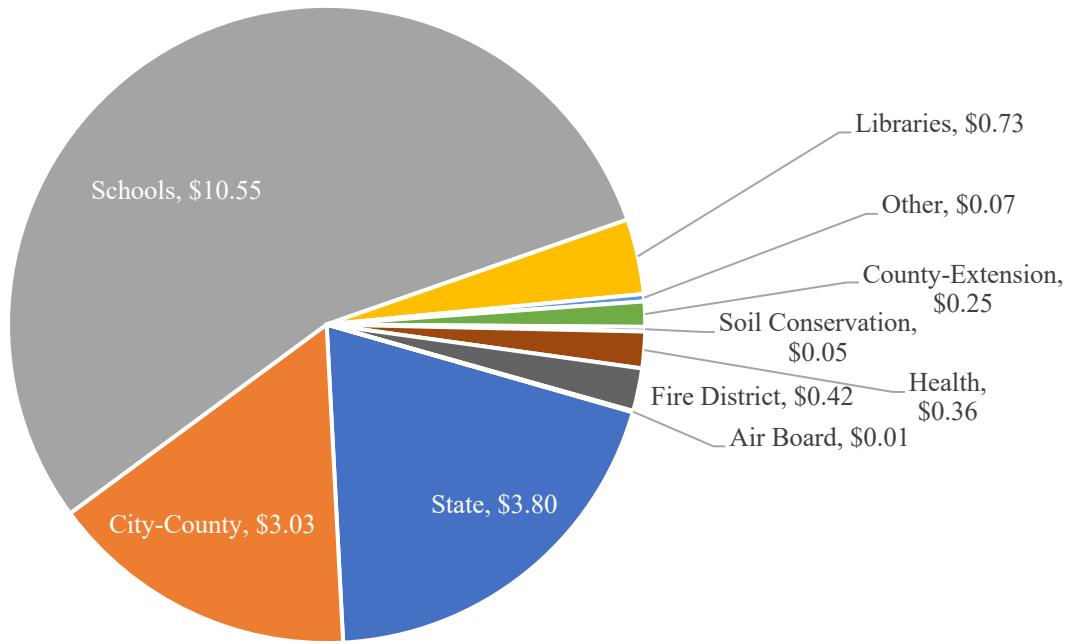
There is no perfect solution for addressing the missing values. The method used involved analyzing 2024 tax bills that did have complete information, along with data from previous studies for the specific distiller.

Distillers with full tangible personal tax information were divided into two classes: large and small. The assessment-value-to-tax-due ratios were determined and the distribution of tax dollars among jurisdictions for each group were examined.

When assigning an assessment value to a distiller with missing data, a conservative ratio (one below the median for its group) was chosen. This ratio was checked against previous report data, if available, to ensure it was in line. The taxes paid were then apportioned among the jurisdictions according to the average distribution of that group (large or small) and again checked against previous data for consistency.

This process identified \$19.3 million in ***real and tangible personal*** property taxes paid by distilleries to state and local governments in 2024. In 2022, this figure was \$13.4 million. Figure 4-B shows how the 2024 real and tangible personal property taxes were distributed across state and local taxing districts. School districts receive the majority of these taxes, 55 percent. The state received \$3.8 million in real and tangible personal property tax revenues from distilleries. This accounts for 19.7 percent of the total. Cities and Counties received \$3.03 million, 15.7 percent. The remaining taxes are paid to various special local taxing districts such as libraries, local health departments, and fire districts.

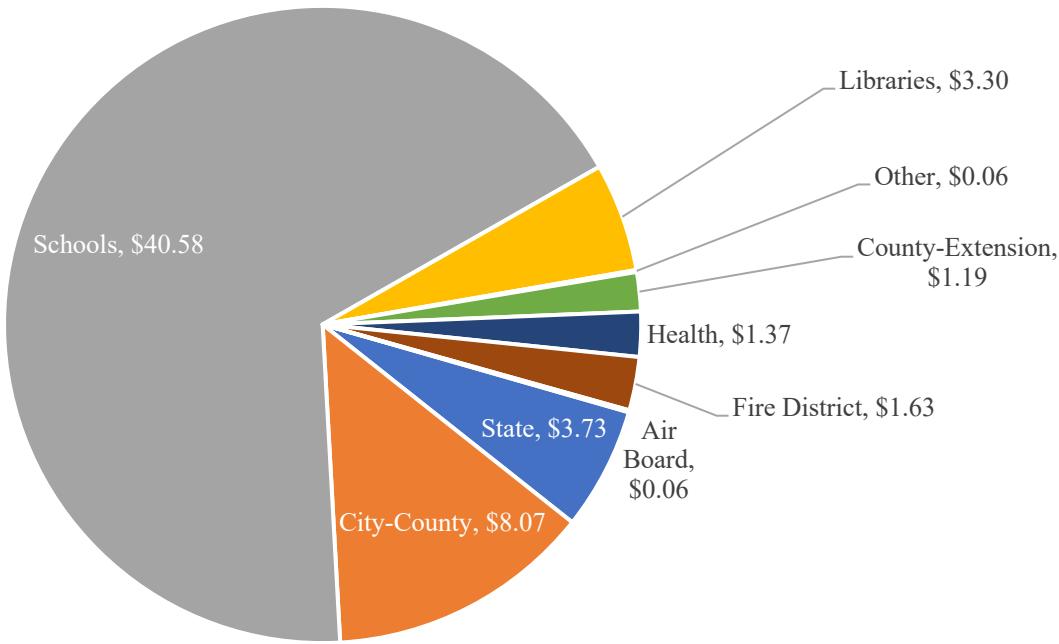
**Figure 4-B Estimated Real and Tangible Personal Property Taxes Paid
by Kentucky Distillers (\$ mil.), 2024**



Total estimated real and tangible property tax payments in 2024: \$19.3 million

In 2024, distilleries paid an estimated \$60 million in state and local property taxes on the value of spirits aging in bonded warehouses and other distilled spirits inventories. This represents a 55 percent increase over the estimate for 2022 (or a 31 percent increase after adjusting for inflation). Figure 4-C shows the distribution of these taxes across districts. School districts received \$40.6 million of these taxes, which amounts to nearly 68 percent of the total property taxes paid on these aging distilled spirits. Cities and counties received \$8 million, or 13.5 percent. The state received \$3.7 million, 6.2 percent. The Kentucky Department of Revenue estimates that distilleries paid \$75 million in state and local property taxes on spirits in bonded warehouses and other distilled spirits inventories during 2025. However, detailed estimates of these taxes by taxing district are not yet available.

**Figure 4-C Estimated Distilled Spirits Inventory Taxes Paid
by Kentucky Distillers (\$ mil.), 2024**



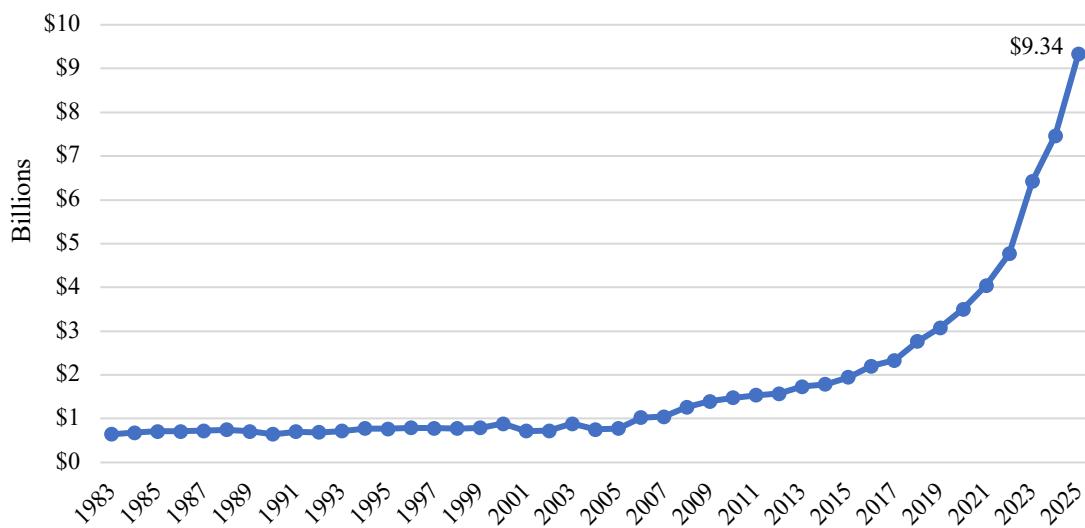
Total estimated property tax payment: \$60 million

Taxable Value of Aging Spirits

The Kentucky Department of Revenue assesses the value of spirits aging in bonded warehouses. Each year, owners of the warehouses file returns reporting detailed information describing the number of new and reused cooperage and light whiskey based on 53-gallon barrels. They also report on the cost of grain, labor, overhead, cooperage, and storage. Based on this information, the Department assesses the value of the barrels of distilled spirits as they age. These values are then used to assess the state and local tangible personal property taxes. Data provided by the Department shows the total assessed value of distilled spirits in bonded warehouses was nearly \$10 billion in tax year 2025.

The state levies a tangible personal property tax of \$0.05 per \$100 of distilled spirits inventory. For tax year 2025, the state estimates that it will collect \$4.7 million in property taxes from aging spirits. This implies a taxable value of distilled spirits of \$9.34 billion, slightly lower than the assessed value reported by the Department. The difference likely reflects the state's exemption of property scheduled to be shipped out-of-state within six months of being assessed and utilization of the two percent discount for early payment. Figure 4-D shows the assessed value for purposes of state taxation from 1983 to 2025. The trend reflects both the increase in inventory and the increase in the value of the spirits.

Figure 4-D Value of Distilled Spirits Inventory, Tax Years 1983-2025



Source: Derived from state taxes reported by the Kentucky Department of Revenue on aging spirits, by tax year. Current rate is \$.05 per \$100 of assessed value. Actual value is somewhat higher due to an exemption for property scheduled to be shipped out of state within six months of the assessment date.

The assessed value subject to local property taxes is much lower than that subject to state property taxes. Distilled spirits that have aged less than two years are exempt from local property taxes because they cannot be labeled as straight whiskey until they have aged for two years. Because they are in the process of manufacturing as they age for those first two years, they are exempt from local property taxes. While the distilled spirits are exempt for the first two years of aging, the barrels are not exempt. Figure 4-E shows the values of distilled spirits certified for local property taxation. While lower than the taxable state values, the local taxable values show a similar trend. In 2024, the assessed value of distilled spirits for local taxation was \$4.48 billion. The 2023 General Assembly enacted HB 5, which will gradually phase out the state and local property taxes on aging spirits from 2026 through 2042 with the tax fully phased out beginning in 2043.

**Figure 4-E Statewide Certified Property Values, Distilled Spirits
(subject to local property taxes)**



Source: Kentucky Department of Revenue. Statewide Certified Property Values 2007-2024.

<https://revenue.ky.gov/Property/Pages/default.aspx>.

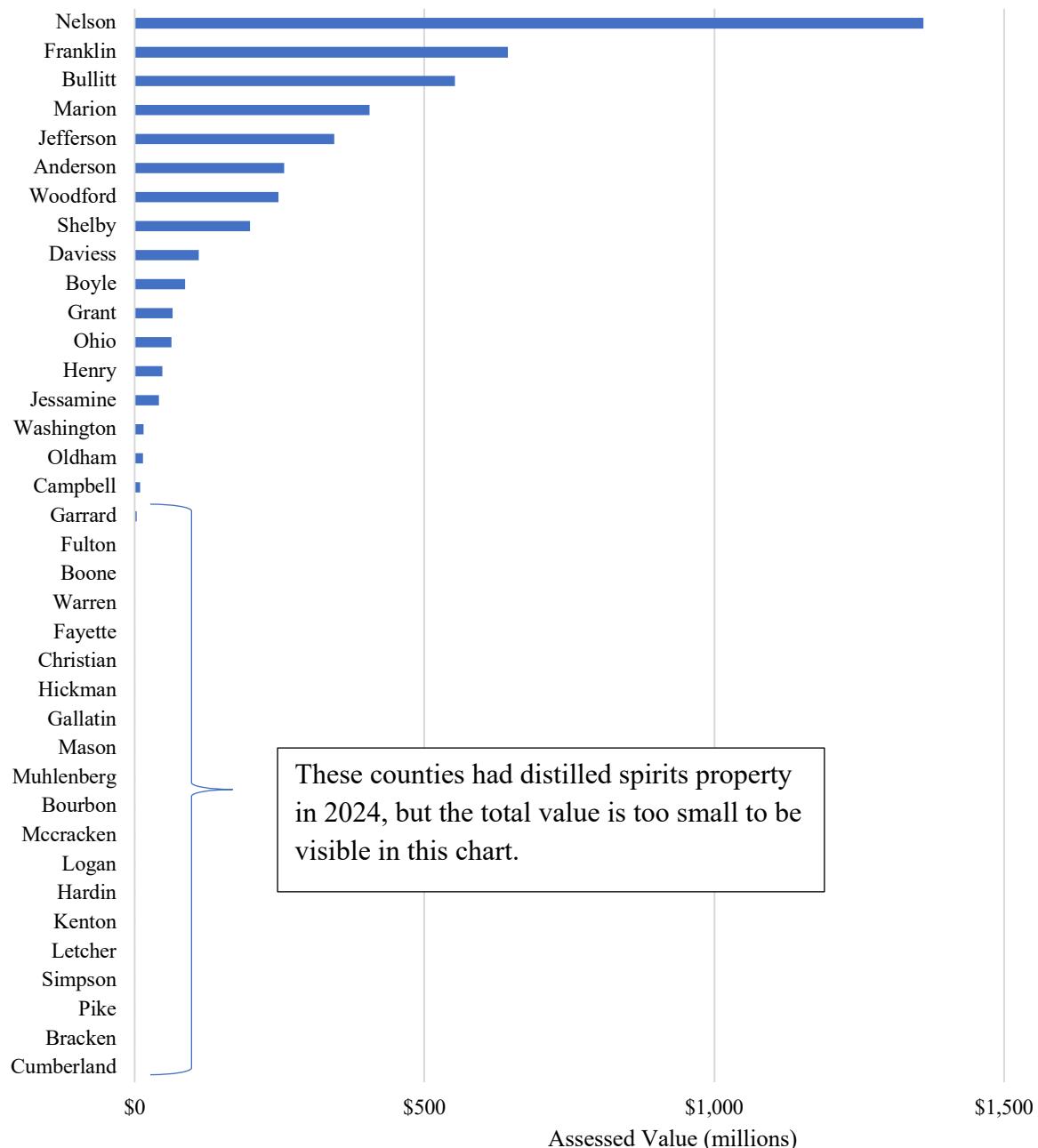
Note: The assessed value of taxable distilled spirits in any year is based on the value of inventory at the end of the prior year. Aging distillate is exempt from local property taxes for the first two years, though it is still subject to the small state tax.

Distilled spirits inventories were present in 37 of Kentucky's counties. However, 10 counties account for 94 percent of the total local assessments and Nelson County alone accounts for 30 percent (Figure 4-F). Other counties with sizable inventories based on local assessments include Franklin, Bullitt, Marion, and Jefferson Counties.

Not surprisingly, these counties have also seen the largest growth in local assessments (Figure 4-G). From 2010 to 2024, Nelson County's local assessments of distilled spirits increased by 284 percent. Marion County saw its local assessments increase by 691 percent. These increases reflect both the increase in the number of barrels and the increase in value. To put these increases in perspective, during this same period, the general level of prices for goods and services as measured by the Consumer Price Index increased by only 36 percent. Employment grew by 34 percent in Nelson County, 32 percent in Marion County, and 18 percent in Franklin. Total wages and salaries, which reflects both the increase in employment and the increase in wages, increased by 116 percent in Nelson County, 104 percent in Marion County, and 78 percent in Franklin County. In these counties, the assessed value of distilled spirits has grown much more quickly than the economies of these counties.

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Figure 4-F Assessed Value of Distilled Spirits for Local Property Taxation by County, 2024



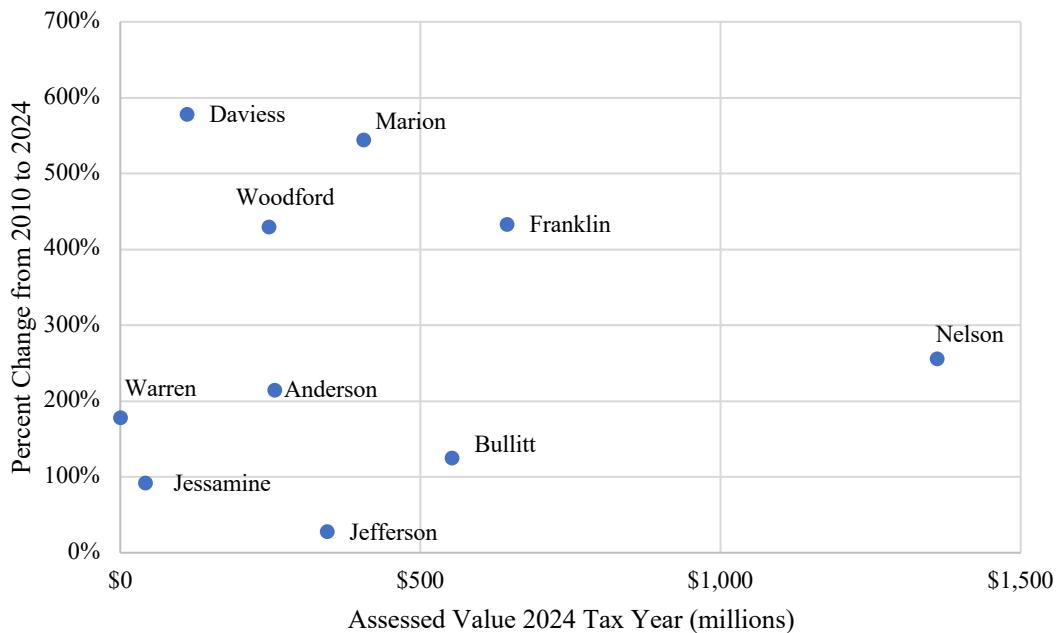
Source: Kentucky Department of Revenue. Statewide Certified Property Values 2007-2024.

<https://revenue.ky.gov/Property/Pages/default.aspx>.

Note: Includes all counties that had some locally taxable distilled spirits in 2024.

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Figure 4-G Change in Assessed Value of Distilled Spirits for Local Property Taxation



Source: Kentucky Department of Revenue. Statewide Certified Property Values 2007-2024.

<https://revenue.ky.gov/Property/Pages/default.aspx>.

Note: Includes only counties with locally taxable distilled spirits in 2010.

State and Local Tax Revenues from Distillery-Supported Payrolls

State Individual Income and Sales Taxes

The earnings that Kentucky's distilleries and their suppliers pay to their employees are subject to state individual income tax and are often subject to local occupational license fees. In addition, as workers spend their earnings, a portion of that spending is subject to the state's sales tax. These revenues are estimated by applying effective tax rates to the estimates of wages and salaries that are supported by Kentucky's distillery operations.

Kentucky's individual income and state sales effective tax rates were calculated by dividing the total tax revenues collected in a year by the total wages and salaries earned in the year (Table 4-2). Figures for the state tax revenues come from the end of the fiscal year receipt reports produced by the Kentucky Office of the State Budget Director. Figures for wages and salaries were taken from the U.S. Bureau of Economic Analysis. The state's effective individual income tax rate has declined as Kentucky reduced its tax rate in recent years. For 2024, the effective tax rate was estimated to be 3.95 percent of wages and salaries. The state's effective sales tax rate for 2024 was estimated to be 4.56 percent. Tax rates also were estimated using employee compensation, which consists of wages and salaries and employer contributions to benefits.

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The IMPLAN analysis discussed earlier estimated that the distillery industry supports an estimated \$1.5 billion in wages and salaries. Multiplying this amount by the effective tax rates suggests that the earnings supported by the distilling operations generated \$59.1 million in state individual income tax revenue and \$68.4 million in state sales tax revenue in 2024.

Table 4-2 Calculation of Effective Tax Rates, Kentucky Individual Income and Sales Taxes

Fiscal Year (\$ millions)	2020	2021	2022	2023	2024	5-year Average
Individual Income Tax Revenues	4,765.2	5,143.8	6,047.5	5,843.0	5,015.6	
Sales and Use Tax Revenues	4,070.9	4,561.0	5,062.9	5,576.3	5,802.6	
Calendar Year (\$ millions)						
Wages and Salaries	97,307.0	104,833.6	113,979.7	121,204.3	127,124.0	
Employee Compensation	122,267.7	131,246.0	141,196.1	149,832.4	157,333.4	
Effective Tax Rates						
Based on Wages & Salaries						
Individual Income Tax	4.90%	4.91%	5.31%	4.82%	3.95%	4.78%
Sales and Use Tax	4.18%	4.35%	4.44%	4.60%	4.56%	4.43%
Based on Compensation						
Individual Income Tax	3.90%	3.92%	4.28%	3.90%	3.19%	3.84%
Sales and Use Tax	3.33%	3.48%	3.59%	3.72%	3.69%	3.56%

Sources: Kentucky. Office of State Budget Director. Monthly Tax Receipts

<https://osbd.ky.gov/Publications/Pages/Monthly-Tax-Receipts.aspx>; United States. Bureau of Economic Analysis.

Occupational License Fees

Distilleries and the businesses they support often are required to pay local license fees. Local governments may levy occupational license fees on business' payrolls and net profits. Because alcohol-related businesses pay local regulatory license fees, Kentucky law prevents local governments from imposing an additional occupational license fee on the net profits from alcohol-related businesses.

Responses from the KDA members that responded to the survey indicate that distillers paid the equivalent of 1.6 percent of their total payroll in local occupational license fees during 2024. However, the respondents are not necessarily representative of all distilleries. Their rates also might be lower than the rates paid by suppliers because local governments cannot impose an occupational license tax on distilleries' net profits. Therefore, an average rate was calculated by dividing the fees collected in cities, counties, and school districts with a distillery by their wages and salaries. This suggested local occupational license fees in areas with a distillery are 1.86 percent of wages and salaries. Applying this rate to the wages and salaries supported by the distilling industry indicates that distilling operations generated approximately \$27.9 million in local occupational license fees in 2024.

State Regulatory Licenses and Fees

KRS 243.020 requires that anyone involved in the manufacture, storage, sale, purchase, transporting, or other traffic of alcoholic beverages must be licensed. The fees for these licenses, which are set in KRS 243.030, vary by type of alcohol, activity, and amount of alcohol involved.

On the production side, the main license types for distilled spirits are distiller's class A and class B and rectifier's class A and B. The Kentucky Department of Alcoholic Beverage Control (ABC) administers these licenses and maintains an online database. A query of this database in July 2025 showed 124 active distiller's licenses and 82 rectifier's licenses.²² In addition, 57 spirits storage licenses were identified. Total regulatory license fees collected were estimated by multiplying the number of each type of license by the fee. Regulatory license fees totaled just over \$389,000.

On the consumption side, the 2018 report included a detailed examination of licenses by type to determine those related to spirits and estimate the license fees in FY 2018. These results were extrapolated to FY 2024 based on growth in total ABC license fee revenues. This yielded an estimate of \$3.1 million in consumption-related state regulatory license fees for 2024.

Local Regulatory License Fees

Distillers must also pay local regulatory license fees to operate. These fees were estimated to total just under \$95,000 in 2024. On the consumption side, restaurants, caterers, hotels, bars and stores must pay an annual local regulatory license fee to sell distilled spirits. These fees vary considerably across cities and counties. The fees also vary within a city or county based on the type of business and their hours of operation. Unfortunately, there is no centralized data showing the amounts that local governments collect due to distilled spirits. Data from the Uniform Financial Information Reports maintained by the Kentucky Department for Local Government and the Kentucky League of Cities show that Kentucky's counties and cities reported receiving \$26.5 million from alcohol beverage license fees in FY 2024. Historically, distilled spirits accounts for approximately 31 percent of total alcohol sales nationally. Applying this percentage to the county and city alcohol license fees suggests that distilled spirits accounts for approximately \$8.1 million in local license fees. This is considerably higher than the \$3.3 million provided in the prior report, which was based on analysis from 2018 and did not reflect the counties and cities that have approved alcohol sales over the past few years.

Alcohol Consumption Taxes

Kentucky levies several taxes on the distribution and sale of alcohol within the state. These taxes are based on both the volume and value of alcohol and are applied at both the wholesale and retail levels. Specifically, distilled spirits are subject to a \$0.05 tax per case; a \$1.92 per gallon

²² The database only allows queries of active licenses, so it was not possible to query the number of licenses issued in 2024.

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excise tax; an 11 percent tax on wholesale sales; and a 6 percent tax on on-premise (by the drink) and off-premise (package) retail sales. The 6 percent tax on retail sales is the state's general sales tax. Off-premise sales refer to distilled spirits that are purchased from liquor and other stores for consumption away from where it was purchased. On-premise sales refer to distilled spirits purchased for immediate consumption at the location they are purchased such as restaurants, bars, hotels, and other venues.

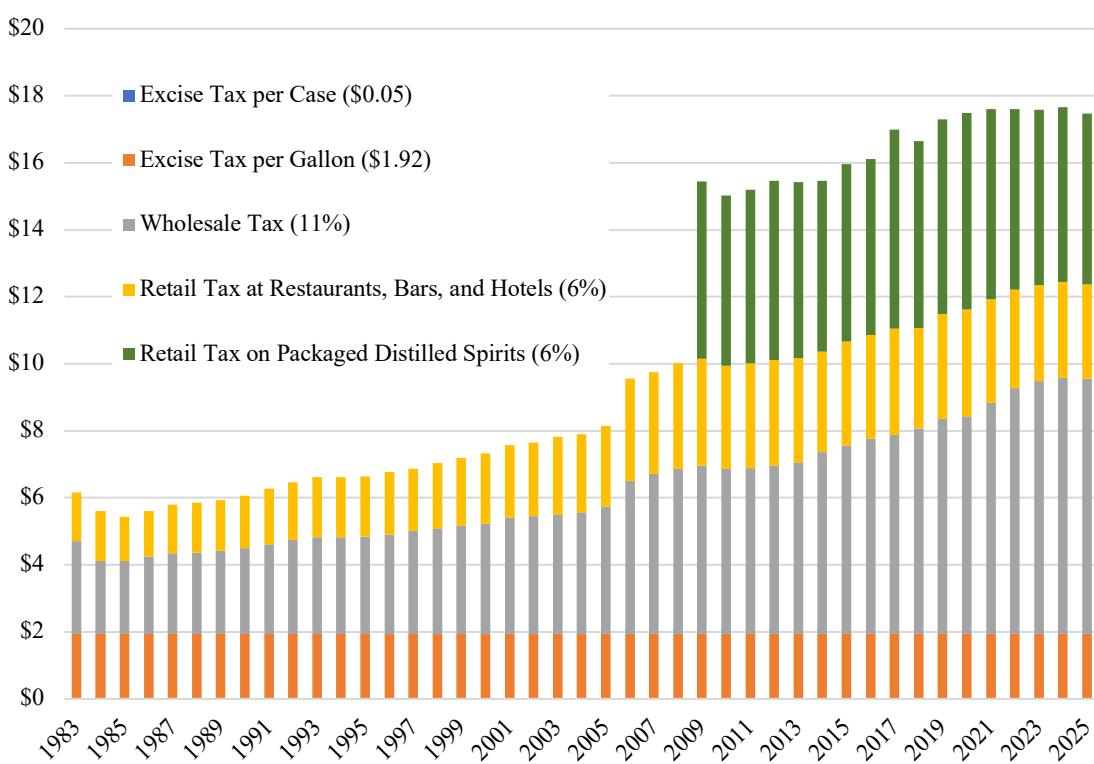
Kentucky made two major changes to its taxes on the consumption of alcohol. First, the 2009 General Assembly extended the state's six percent sales tax to off-premise alcohol sales, even though it was already being collected as part of the 11 percent wholesale tax on wholesale sales.²³ Prior to this, Kentucky only applied its sales tax to on-premise sales. This change applied to distilled spirits, wine, and beer. Second, in 2005, Kentucky increased the wholesale tax on distilled spirits, wine, and malt beverages from 9 percent to 11 percent. With the passage of HB 445 in 2014, Kentucky began lowering the wholesale tax rate on wine and malt beverages from 11 percent to 10 percent over a four-year period. The rate on distilled spirits remains 11 percent.

Figure 4-H describes the cumulative effects of these various taxes on the price per gallon of distilled spirits from 1983 to 2025. In 2025, the total taxes applied to the consumption of distilled spirits was \$17.47 per gallon. While the excise tax per case is included in the figure, it is relatively small per gallon, and therefore, difficult to see in the figure. The six percent sales tax and 11 percent wholesale tax are the largest components of the tax per gallon. Because a portion of the taxes are based on the wholesale and retail sales prices, the tax per gallon has generally increased along with the prices of distilled spirits. However, the tax per gallon decreased slightly in 2025. This is likely due to a change in the price of distilled spirits purchased. It is unclear to what extent the decline is due to a decrease in distilled spirits prices or whether consumers have shifted to lower priced spirits.

²³ When originally levied in 1960, the Kentucky sales tax applied to both on-premise and off-premise sales of alcohol. To ensure collection of tax on bootleg alcohol and address other compliance problems with retail sales, Kentucky in 1982 exempted off-premise sales from the sales tax and imposed a new wholesale-level sales tax on wholesale sales of alcohol (originally levied at a nine percent rate). On-premise sales remained subject to the sales tax. In 2009, Kentucky partially reversed course, subjecting off-premise sales once again to the sales tax but not repealing the wholesale sales tax.

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Figure 4-H Kentucky Taxes on Consumption of Distilled Spirits (per Gallon)



Source: Kentucky Department of Revenue, Annual Reports. Retail sales taxes estimated by authors.

Note: The Kentucky General Assembly increased the wholesale tax on spirits from 9% to 11% in 2006 and added a 6% retail sales tax on package liquor in 2009. The excise tax per case equals \$0.02 per gallon, which is a small relative to the other taxes and is difficult to see in the chart.

Figure 4-I shows estimates of the state tax revenues collected from the consumption of distilled spirits in Kentucky. In FY 2025, the state collected an estimated \$125.5 million in tax revenues based on the consumption of distilled spirits in Kentucky. Revenues were down 7.5 percent from FY 2024, which reflects a decline in the wholesale and retail prices of distilled spirits sold. Again, this could be due to lower prices or due to consumers switching to lower priced spirits. Despite the recent decrease, the estimated consumption tax revenues increased at an average annual rate of four percent from 1983 to 2025. This was considerably faster than overall rate of inflation, which grew at an annual rate of 2.4 percent over this period. Excise and wholesale taxes on distilled spirits generated \$85.9 million in FY 2025 compared to \$73.3 million from beer and \$19.5 million from wine.

Figures for the revenues collected from the 11 percent wholesale and excise taxes come directly from the Kentucky Office of State Budget Director's monthly receipts reports and represent actual collections. However, retail sales taxes for both on-premise and off-premise sales were estimated as the state does not separately report retail sales taxes for distilled spirits.

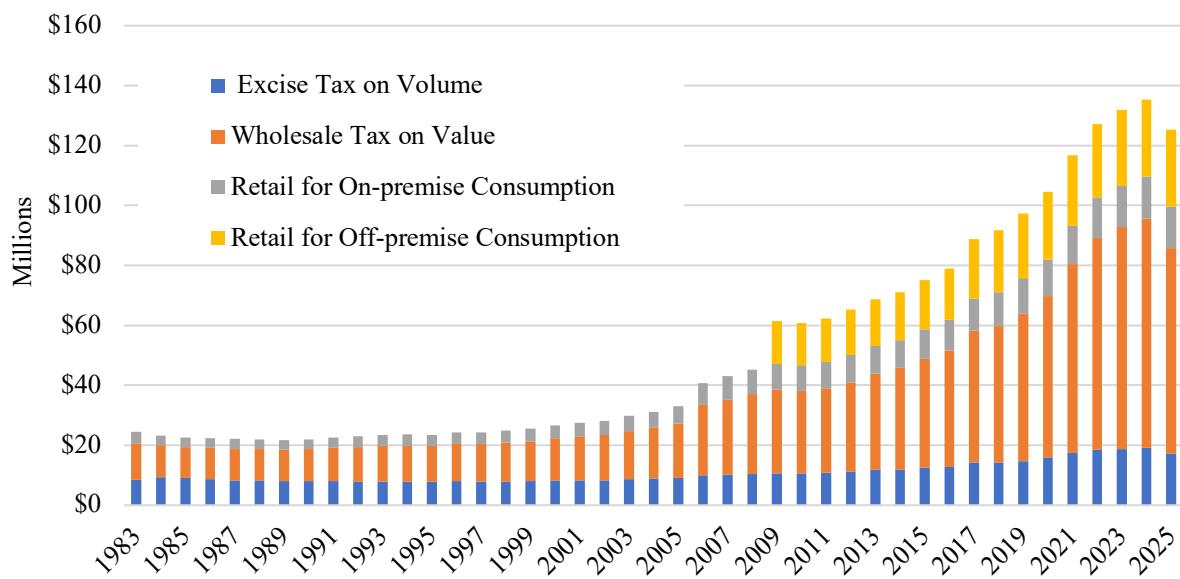
Estimates of retail sales tax revenues are based in part on data from the Economic Census. Every five years, the Census provides estimates of alcohol sales at retail establishments and at

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accommodations and food services establishments in each state. The Census Bureau most recently estimated that alcohol sales at accommodations and food service establishments in Kentucky totaled \$621 million in 2022. While the Census does not separately report sales of distilled spirits at the state level, it does at the national level. Historically, distilled spirits have accounted for approximately 36 percent of on-premise alcohol sales. Assuming a similar percentage for Kentucky suggests that Kentucky's on-premise distilled spirits sales totaled \$224 million in 2022. Applying the six percent sales tax rate yields an estimated \$13.5 million in sales taxes from on-premise sales of distilled spirits for 2022. Estimates for later years were made by adjusting these 2022 figures by increases in the average wholesale price of distilled spirits.²⁴ This yields an estimated \$14 million in sales tax revenues from on-premise sales of distilled spirits in FY 2025.

Sales tax revenues from off-premise sales were estimated using a similar approach. The Census Bureau reported sales of \$1.45 billion of alcohol in Kentucky during 2022 at retail stores. National estimates suggest that distilled spirits account for 28 percent the alcohol sales at retail stores. Based on this data, it was estimated that Kentucky generated \$24.6 million in sales tax revenue from off-premise sales of distilled spirits in FY 2022 and that this increased to \$25.6 million in FY 2025.

Figure 4-I Kentucky State Tax Receipts on Consumption of Distilled Spirits



Source: Kentucky Department of Revenue, Annual Reports. Retail taxes estimated by authors. Note: The Kentucky General Assembly increased the wholesale tax on spirits from 9% to 11% in 2006 and added a 6% retail sales tax on package liquor in 2009.

²⁴ As noted, Kentucky levies a tax on the wholesale price of distilled spirits sold and an excise tax per gallon. As a result, the total combined wholesale price and the number of gallons sold can be calculated based on the revenues the state reports for these two taxes. The average wholesale price is then estimated by dividing the total wholesale value by the total gallons sold.

Excise Tax Rates in Other States

Thirty-three states license wholesalers and retailers to distribute distilled spirits. Each of these states levy an excise tax on wholesale sales distilled spirits. The remaining 17 states sell distilled spirits only through government owned, or controlled, stores. Taxation of distilled spirits differs in these control states. Rather than charge an explicit excise tax, control states generate revenue by setting prices that incorporate their costs to purchase spirits from distilleries, possibly an excise tax, and a mark-up. Because distilled spirits can be sold only through state-controlled stores, these states essentially have a monopoly on distilled spirits. The Tax Foundation does calculate implied excise taxes for control states but also remarked that some control states are able to set “notably high tax rates” due to their market power.²⁵

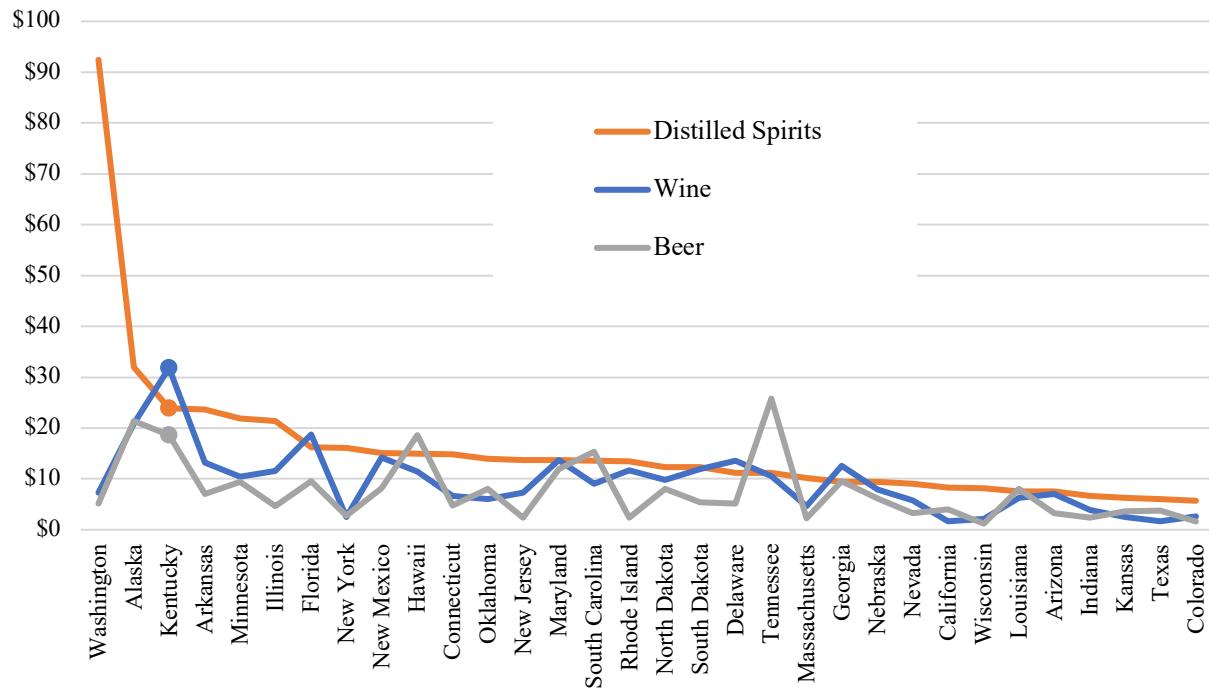
Figure 4-J shows the excise tax rates for distilled spirits, wine, and beer on a per gallon of alcohol basis. The rates were calculated assuming an alcohol content of 40 percent for distilled spirits, 12 percent for wine, and five percent for beer. The figure excludes control states as they collect revenues through the mark-up applied to state stores rather than through an excise tax. The excise tax rate calculated for Kentucky includes the wholesale taxes applied to alcohol. On a per gallon of alcohol basis, only two other non-control states — Washington and Alaska — levy a higher excise tax on distilled spirits than Kentucky. Kentucky’s rate is more than double the rate levied by Tennessee, the second largest producer of distilled spirits. As noted in the 2023 report, the largest wine producing states, such as California and New York, have some of the lowest excise tax rates on wine. The largest producers of beer, such as Missouri, Wisconsin, and Colorado, have some of the lowest rates for beer. Kentucky also levies the highest excise tax per gallon of alcohol on wine among all states, including control states, and the third highest on beer.

²⁵ Tax Foundation. Distilled Spirits Taxes by State, 2025. <https://taxfoundation.org/data/all/state/distilled-spirits-taxes/>.

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Table 4-3 shows tax rates for Kentucky and nearby states including control states. Appendix G provides more information on the wholesale tax rates for distilled spirits, wine, and beer.

Figure 4-J Excise Tax Rate per Gallon of Alcohol



Source: Tax Foundation.

**Table 4-3 Wholesale Tax Rates per Gallon on Alcohol, Kentucky
and Twelve Nearby States, January 2025**

	Beer	Wine	Spirits
Alabama**	\$0.53	\$1.70	\$22.87
Arkansas	\$0.35	\$1.58	\$9.47
Georgia	\$0.48	\$1.51	\$3.79
Illinois	\$0.23	\$1.39	\$8.55
Indiana	\$0.12	\$0.47	\$2.68
Kentucky*	\$0.93	\$3.82	\$9.56
Missouri	\$0.06	\$0.42	\$2.00
North Carolina**	\$0.62	\$1.00	\$18.23
Ohio**	\$0.18	\$0.32	\$12.33
South Carolina	\$0.77	\$1.08	\$5.42
Tennessee***	\$1.29	\$1.27	\$4.46
Virginia**	\$0.26	\$1.51	\$23.47
West Virginia**	\$0.18	\$1.00	\$8.98
Kentucky's Rank (1=Highest)	2	1	5

Source: Tax Foundation, Facts and Figures 2023: How does your state compare, Tables 27, 28, 29: <https://taxfoundation.org/data/all/state/2023-state-tax-data/>

* Kentucky's rate includes both the excise tax per gallon plus the wholesale ad valorem taxes, converted to a gallonage basis. The Kentucky ad valorem wholesale tax rates are 10% on beer and wine, and 11 percent on spirits.

** These are 'control states' for spirits, meaning the state government manages the purchasing and retail pricing.

*** Tennessee rates incorporate the \$0.15 tax per case,
www.tn.gov/revenue/taxes/alcoholic-beverages-taxes/due-dates-and-taxrates.html

Tax Impacts Over Time

Table 4-4 shows the estimates of state and local taxes generated by the production and consumption of distilled spirits in Kentucky over time.

Production of distilled spirits in Kentucky generated \$235.1 million state and local tax revenue in FY 2024. This represents an increase of 244 percent from FY 2010. To put this in perspective, the state's economy as measured by nominal Gross Domestic Product increased by 77 percent over this same period. Total nominal wages paid in Kentucky increased by 81 percent. So, the state and local tax revenue generated from the production of distilled spirits has grown more than twice as fast as the overall state economy. The growth in tax revenues can be attributed to two main drivers. First, the total assessed value of spirits aging in Kentucky's bonded warehouses has increased as spirits have increased in value and as the number of barrels aging have increased. Second, total production of distilled spirits has increased leading to higher levels of employment and wages, which has increased state individual income and sales taxes and local occupational license taxes.

Consumption-related taxes for FY 2024 were 105% higher than in FY 2010.

**Table 4-4 Estimated Annual Kentucky Taxes on the
Production and Consumption of Distilled Spirits, FY 2010 to FY 2024**

Revenues Generated at All Levels of Government	2010	2013	2015	2017	2020	2023	2024	Change	Percent
Production-related									
Property taxes - real estate and tangible property	\$2,705,829	\$3,600,882	\$5,455,338	\$6,878,763	\$10,409,439	\$13,396,256	\$19,261,715	\$16,555,886	611.9%
Property taxes - spirits aging in barrels	\$11,697,908	\$11,940,044	\$13,412,692	\$19,024,834	\$27,807,402	\$32,417,634	\$39,993,273	\$48,295,365	412.9%
Individual income taxes from distillery-related payrolls	\$25,248,351	\$32,792,590	\$37,001,568	\$47,164,694	\$59,440,739	\$80,585,017	\$59,106,058	\$33,857,707	134.1%
General sales taxes from distillery-related payrolls	\$21,938,745	\$28,494,070	\$31,798,948	\$39,912,241	\$49,137,208	\$70,508,690	\$68,380,416	\$46,441,671	211.7%
Occupational taxes from distillery-related payrolls	\$6,497,408	\$8,424,378	\$12,073,846	\$15,714,466	\$19,482,174	\$29,516,543	\$27,864,489	\$21,367,081	328.9%
Distilled spirits license fees**	\$186,790	\$237,190	\$188,590	\$314,235	\$346,562	\$380,821	\$483,894	\$297,104	159.1%
Subtotal	\$68,275,032	\$91,539,153	\$105,980,981	\$135,059,333	\$166,623,524	\$226,804,961	\$235,089,845	\$166,814,814	244.3%
Consumption-related									
Case sales tax	\$110,086	\$122,873	\$132,892	\$153,781	\$180,755	\$234,898	\$223,105	\$113,019	102.7%
Excise tax per gallon	\$10,942,531	\$11,962,448	\$12,468,749	\$14,237,920	\$15,928,560	\$18,828,726	\$17,232,813	\$6,290,282	57.5%
Wholesale tax	\$28,175,617	\$31,911,903	\$36,471,357	\$44,064,952	\$53,860,774	\$73,923,974	\$68,455,252	\$40,279,635	143.0%
General retail sales tax, restaurants and bars	\$8,748,501	\$9,908,614	\$11,324,320	\$13,314,640	\$12,231,006	\$13,835,889	\$13,998,880	\$5,250,379	60.0%
Package retail sales tax	\$14,443,509	\$16,358,821	\$18,696,108	\$22,593,905	\$22,548,693	\$25,260,834	\$25,584,15	\$11,114,906	77.0%
Distilled spirits license fees**	\$4,301,591	\$4,697,707	\$4,869,387	\$5,497,641	\$5,613,838	\$4,224,781	\$11,221,186	\$6,919,595	160.9%
Subtotal	\$66,721,835	\$74,962,366	\$83,962,723	\$99,862,840	\$110,363,627	\$136,309,102	\$136,689,651	\$59,967,815	104.9%
Grand Total	\$134,996,867	\$166,501,519	\$189,943,705	\$234,922,172	\$276,987,150	\$363,114,063	\$371,779,496	\$236,782,629	175.4%

** Production-related license fees are mostly for distillers and rectifiers; consumption-related license fees are largely for retail and package drink licenses.

Appendix A Industrial Classifications Codes Related to Distilling Industry

To aid in the collection and analysis of data, government agencies and other organizations that compile data use North American Industrial Classification System (NAICS) codes to classify firms. NAICS codes are hierarchical numbers that define industries based on their primary business activities. For example, businesses that are primarily distilling potable liquors; distilling and blending liquors; and blending and mixing liquors and other ingredients are classified as distilleries, or NAICS 312140. NAICS codes allow for businesses that are engaged in similar activities to be grouped for data collection, analysis, and other purposes.

While government agencies typically group businesses based on their primary activity, these businesses also may engage in other types of activities. For instance, a distiller also might manufacture barrels, operate tours, or sell merchandise. Previous versions of the report determined that Kentucky's distilling companies are engaged in seven additional industry classifications based on the Kentucky Directory of Manufacturers. These are listed in Table A-1.

Table A-1 Various Industry Classifications for Activity by Kentucky Distillers

Code	Title	Description: This industry comprises establishments primarily engaged in...
312120	Breweries	brewing beer, ale, lager, malt liquors, and nonalcoholic beer.
312130	Wineries	one or more of the following: (1) growing grapes and manufacturing wines and brandies; (2) manufacturing wines and brandies from grapes and other fruits grown elsewhere; and (3) blending wines and brandies.
312140	Distilleries	one or more of the following: (1) distilling potable liquors (except brandies); (2) distilling and blending liquors; and (3) blending and mixing liquors and other ingredients.
321920	Wood Container and Pallet Manufacturing	manufacturing wood pallets, wood box shook, wood boxes, other wood containers, and wood parts for pallets and containers.
493110	General Warehousing and Storage	operating merchandise warehousing and storage facilities. These establishments generally handle goods in containers, such as boxes, barrels, and/or drums, using equipment, such as forklifts, pallets, and racks. They are not specialized in handling bulk products of any particular type, size, or quantity of goods or products.
493190	Other Warehousing and Storage	operating warehousing and storage facilities (except general merchandise, refrigerated, and farm product warehousing and storage).
551114	Corporate, Subsidiary, and Regional Managing Offices	administering, overseeing, and managing other establishments of the company or enterprise. These establishments normally undertake the strategic or organizational planning and decision-making role of the company or enterprise. Establishments in this industry may hold the securities of the company or enterprise.
561591	Convention and Visitors Bureaus	administering, overseeing, and managing other establishments of the company or enterprise. These establishments normally undertake the strategic or organizational planning and decision-making role of the company or enterprise. Establishments in this industry may hold the securities of the company or enterprise.

Source: U.S. Census Bureau, North American Industrial Classification System, 2022, <https://www.census.gov/naics/>.

Appendix B Licensed Distillers in Kentucky

Distilleries operating in Kentucky must obtain a license from the Kentucky Department of Alcoholic Beverage Control. KRS 243.120 classifies distillers based on their production levels. Class A, or large volume, distillers produce more than 50,000 gallons of distilled spirits per year. Class B, or small volume, distillers produce 50,000 gallons or less of distilled spirits per year. As of August 2025, the Department of Alcoholic Beverages reported 48 active class A distiller's licenses and 76 active class B licenses.

Table B-1 Large Volume Distiller Licenses, August 2025

Distiller Name	Class	City	County
Alltech's Lexington Brewing and Distilling Co.	A	Lexington	Fayette
Augusta Sweet Water Holdings LLC Augusta Distillery	A	Augusta	Bracken
Barrel Roll, LLC	A	Shelbyville	Shelby
Barton 1792 Distillery	A	Bardstown	Nelson
Bluegrass Distillers	A	Midway	Woodford
Brown-Forman Beverages	A	Louisville	Jefferson
Brown-Forman Distillery, Inc.	A	Louisville	Jefferson
Buffalo Trace Distillery	A	Frankfort	Franklin
Castle & Key	A	Frankfort	Franklin
Coal Pick Distillery	A	Drakesboro	Muhlenberg
Commonwealth Agri-Energy LLC	A	Hopkinsville	Christian
Diageo Americas Supply Inc	A	Shively	Jefferson
Diageo Americas Supply Inc	A	Shelbyville	Shelby
Diageo Lebanon Distillery	A	Lebanon	Marion
Four Roses Distillery	A	Lawrenceburg	Anderson
Green River Distilling Company, LLC	A	Owensboro	Daviess
Heaven Hill Distilleries Inc	A	Louisville	Jefferson
Heaven Hill Inc	A	Bardstown	Nelson
Jackson Purchase Distillery	A	Hickman	Fulton
James Pepper Distilling Co	A	Lexington	Fayette
Jeptah Creed Distillery	A	Shelbyville	Shelby
Jim Beam American Outpost	A	Clermont	Bullitt
Jim Beam Brands Co	A	Frankfort	Franklin
Jim Beam Brands Co	A	Boston	Nelson
Kentucky Artisan Distillery	A	Crestwood	Oldham
Kentucky Bourbon Distillers, Ltd.	A	Bardstown	Nelson
Kentucky Peerless Distilling Company LLC	A	Louisville	Jefferson
Louisville Spirits Group	A	Louisville	Jefferson
Luca Mariano Distillery, LLC	A	Danville	Boyle
Lux Row Distillers	A	Bardstown	Nelson

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Distiller Name	Class	City	County
Maker's Mark Distillery Inc	A	Loretto	Marion
Michters Distillery	A	Shively	Jefferson
New Riff Distilling	A	Newport	Campbell
New Riff Distilling	A	Newport	Campbell
Old Forester Distilling Co	A	Louisville	Jefferson
Potter Jane Distilling	A	Springfield	Washington
Rabbit Hole Distilling	A	Louisville	Jefferson
Six Mile Creek Distillery	A	Pleasureville	Henry
Southern Kentucky Distillery, LLC	A	Burkesville	Cumberland
The Bardstown Bourbon Company, LLC	A	Bardstown	Nelson
The Evan Williams Bourbon Experience	A	Louisville	Jefferson
The Glenmore Distillery	A	Owensboro	Daviess
University of Kentucky Research Foundation	A	Lexington	Fayette
Western Kentucky Distilling Co	A	Beaver Dam	Ohio
Whiskey House of Kentucky	A	Elizabethtown	Hardin
Wild Turkey Distillery	A	Lawrenceburg	Anderson
Wilderness Trail Distillery	A	Danville	Boyle
Woodford Reserve Distillers Company	A	Versailles	Woodford

Source: Kentucky Department of Alcoholic Beverages.

Note: Class A distillers are licensed to produce more than 50,000 gallons per year; Class B 50,000 gallons or less.

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Table B-2 Small Volume Distiller Licenses, August 2025

Distillery	Class	City	County
1620 Distilling Company	B	Prestonsburg	Floyd
27 Bar + Kitchen and Pensive Distilling Company	B	Newport	Campbell
Alltech's Lexington Brewing & Distilling Company	B	Lexington	Fayette
Augusta Sweet Water Holdings LLC Augusta Distillery	B	Augusta	Bracken
B.H. James Distillers	B	Adairville	Logan
Baker-Bird Winery	B	Augusta	Bracken
Balance Distilling Company	B	Smiths Grove	Warren
BARGO459	B	Corbin	Whitley
Barrel House Distilling Company	B	Lexington	Fayette
Barrell Bourbon	B	Jeffersontown	Jefferson
Barrell Craft Spirits Distillery	B	Louisville	Jefferson
Benson Valley Distributors	B	Frankfort	Franklin
Bespoken Spirits	B	Lexington	Fayette
Bluegrass Distillers	B	Lexington	Fayette
Boone County Distilling Company	B	Independence	Boone
Boundary Oak Distillery	B	Radcliff	Hardin
Bourbon 30 Spirits	B	Frankfort	Franklin
Brough Brothers Distillery	B	Louisville	Jefferson
Buzzard's Roost Spirits, LLC	B	Louisville	Jefferson
Casey Jones Distillery	B	Hopkinsville	Christian
Coxs Creek Distilling Company	B	Coxs Creek	Bullitt
Dark Arts Whiskey House	B	Lexington	Fayette
Dueling Barrels Brewing Company	B	Pikeville	Pike
Dueling Grounds Distillery LLC	B	Franklin	Simpson
Falls City Brewing Co	B	Louisville	Jefferson
Fresh Bourbon	B	Lexington	Fayette
GBRE	B	Lancaster	Garrard
General George Stillhouse	B	Falls Of Rough	Grayson
Ginkins Distillary	B	Louisville	Jefferson
Glenns Creek Distilling LLC	B	Frankfort	Franklin
Golden Pond Distilleries, Inc.	B	Cadiz	Trigg
Grain & Barrel Spirits	B	Bardstown	Nelson
Grease Monkey Distillery	B	Louisville	Jefferson
Hartfield & Co Distillery	B	Paris	Bourbon
Hop Atomica	B	Louisville	Jefferson
Kentucky Mist Moonshine	B	Whitesburg	Letcher
Kentucky Spirit Bottling Co LLC	B	Louisville	Jefferson
Larrikin Bourbon Co.	B	Lawrenceburg	Anderson
Left Bank Distilled Spirits, LLC	B	Louisville	Jefferson
Limestone Branch Distillery	B	Lebanon	Marion
Log Still Distilling	B	New Haven	Nelson
Main St. Bourbon	B	Louisville	Jefferson
MB Roland Distillery	B	Pembroke	Christian
Metcalfe Landscaping & Garden Center	B	Madisonville	Hopkins
Michters Distillery LLC	B	Louisville	Jefferson
N/A	B	Louisville	Jefferson
Neeley Family Distillery, INC	B	Sparta	Gallatin
Old Blue Ribbon Farm	B	Eminence	Henry
Old Louisville Whiskey Co. LLC	B	Louisville	Jefferson
Old Pogue	B	Maysville	Mason
Old Steelhouse Distillery	B	Coxs Creek	Nelson
Pauley Hollow Distillery LLC	B	Forest Hills	Pike
PCS Distilling Company	B	Louisville	Jefferson

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Distillery	Class	City	County
Prova Spirits	B	Louisville	Jefferson
Purple Toad Winery	B	Paducah	McCracken
Pursuit Spirits	B	Louisville	Jefferson
RD#1 Spirits	B	Lexington	Fayette
Route 52 Moonshine, LLC	B	Ravenna	Estill
Saddlestone Distillery	B	Midway	Woodford
Saga Spirits Group	B	Frankfort	Franklin
Second Sight Spirits	B	Ludlow	Kenton
Silent Brigade Distillery	B	Paducah	McCracken
Silver Springs Farm Eqwine, Vineyard & Distillery	B	Lexington	Fayette
Smith Holler Distillery	B	Cloverport	Breckinridge
Somerset Kentucky Distillery	B	Somerset	Pulaski
Strong Spirits	B	Bardstown	Nelson
The Bard Distillery	B	Graham	Muhlenberg
The Still	B	Danville	Boyle
Tyler Wood White Whiskey	B	Lewisburg	Logan
Uncle Boojies Distillery	B	Louisville	Jefferson
Washtucky Holdings LLC	B	Frankfort	Franklin
Wenzel	B	Covington	Kenton
Whiskey Thief Distilling Company	B	Frankfort	Franklin
Whiskeycraft	B	Bardstown	Nelson
White Dog Trading and Storage, LLC	B	Midway	Woodford
Wildcat Willy's Distillery	B	Winchester	Clark

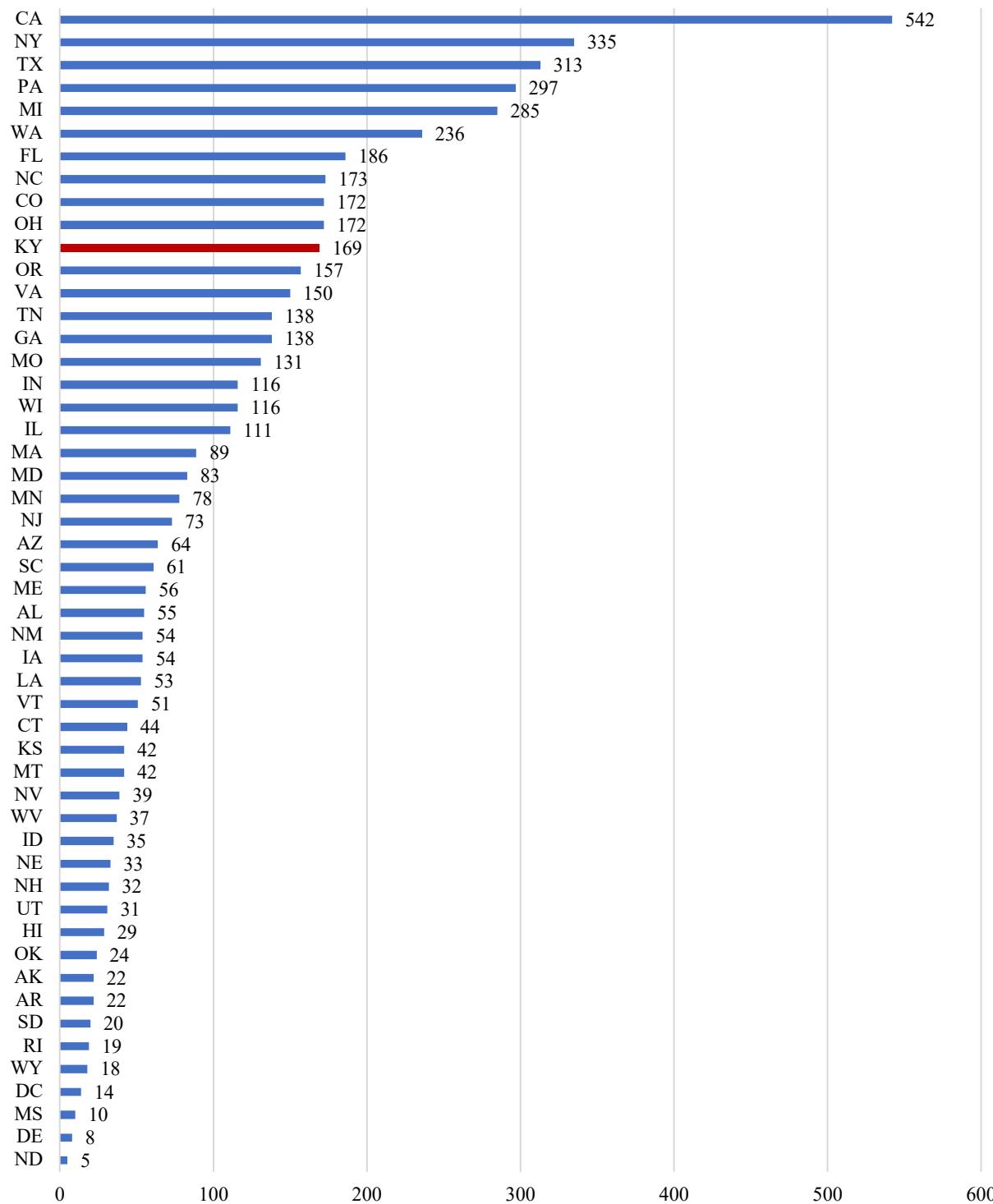
Source: Kentucky Department of Alcoholic Beverage Control.

Note: Class A distillers are licensed to produce more than 50,000 gallons per year; Class B 50,000 gallons or less.

Distillers also must obtain a federal license to operate. Figure B-A shows the number of federally licensed distillers by state as of July 2025. This data comes from the U.S. Department of Treasury's Alcohol and Tobacco Tax and Trade Bureau (TTB). Nationally, there were 5,234 federally licensed distilled spirits producers and bottlers. With 169 active federal distillery licenses, Kentucky ranked 11th in the nation and accounts for 3.2 percent of the total federal licenses. The number of federal licenses in Kentucky increased from 140 in 2023, but Kentucky's ranking was unchanged.

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**Figure B-A Number of Licensed Distilled Spirits Producers and Bottlers
by State (July 2025)**

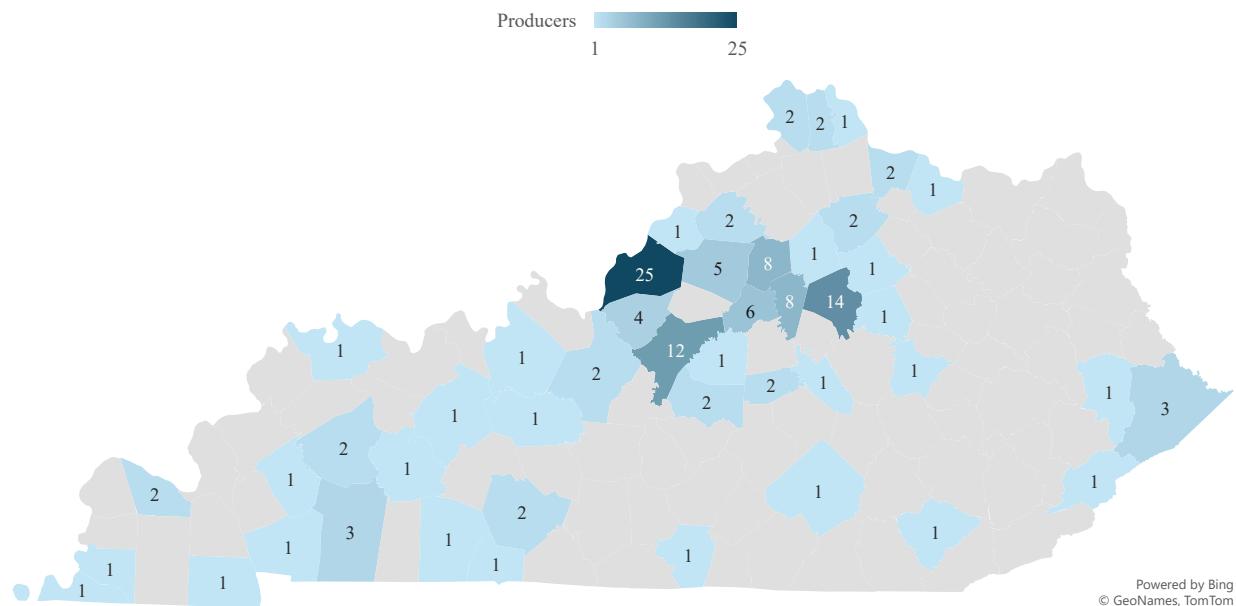


Source: U.S. Department of Treasury, Alcohol and Tobacco Tax and Trade Bureau, www.ttb.gov/foia/list-of-permittees.

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Figure B-B shows the location of the federally licensed distilleries in Kentucky. Note that this figure shows the number of distilleries and does not account for production. Most of the distilleries are in eight counties: Jefferson, Fayette, Nelson, Franklin, Woodford, Anderson, Shelby and Bullitt. These eight counties account for nearly 60 percent of the distilleries. Distilleries are also located across the state with 48 of the 120 counties having a federally licensed distillery including five in the easternmost part of Kentucky.

Figure B-B Number of Federally Licensed Distilled Spirits Producers by County, July 2025

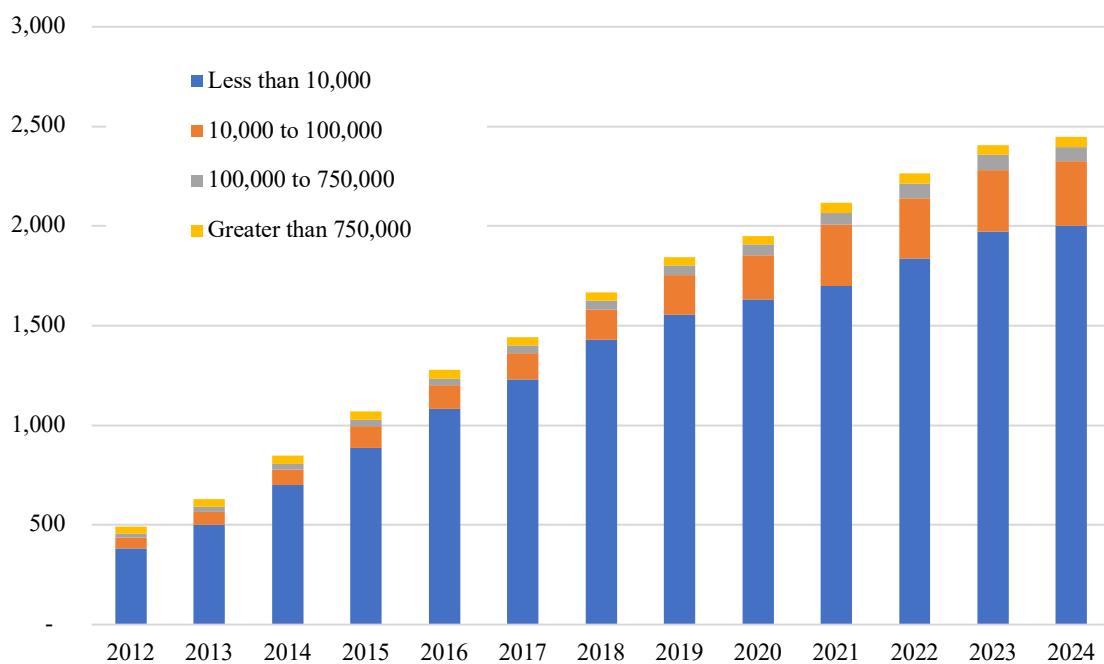


Source: U.S. Department of Treasury, Alcohol and Tobacco Tax and Trade Bureau, www.ttb.gov/foia/list-of-permittees.

The U.S. Alcohol and Tobacco Tax and Trade Bureau reports the number of active federal permits by size based on the number of gallons each removed from their bonded premises during the year. In 2024, less than half (47 percent) of the licensed distillers reported removing spirits. Figure B-C shows the number of permits based on gallons removed for those that reported removals. There was considerable growth in the number of distilleries from 2012 to 2024. In 2012 only 493 distilleries nationally reported the removal of spirits. By 2024, there were 2,446 distilleries reporting removals. Most of this growth occurred among smaller distillers, primarily those removing less than 10,000 gallons.

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Figure B-C Active Federal Permits by Gallonage Removal



Source: U.S. Alcohol and Tobacco Tax and Trade Bureau, www.ttb.gov/foia/list-of-permittees

Appendix C Employment and Payroll for Kentucky's Distilling Industry

Data on employment and wages for Kentucky's distillery industry were obtained from numerous sources, including the U.S. Bureau of Labor Statistics, the U.S. Census Bureau, and the Kentucky Cabinet for Economic Development. Data from IMPLAN, an input-output model frequently utilized to estimate the economic impacts of projects and industries, also were used.

All data from federal sources group businesses into industries, or sectors, using the North American Industry Classification System (NAICS). A business' classification is based on its primary source of activity. So, a firm that primarily produces distilled spirits would be classified NAICS Code 312140 Distilleries, even if it also manufacturers barrels, runs a visitor center, or is engaged in other types of business activities.

In some instances, these data sources provide slightly different estimates for similar metrics, such as employment and earnings. Such discrepancies are typically attributable to differences in methodological scope or variations in the reporting periods. These differences are generally minor, and the trends described by each source remain highly consistent.

IMPLAN Estimates

IMPLAN includes detailed estimates of employment and labor income. These estimates are based largely on data from the federal government such as the U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages. IMPLAN has its own industry codes, but these are generally based on NAICS codes. For distilleries, IMPLAN uses industry code 103, which corresponds to NAICS code 312140. In addition to wages and salaries, IMPLAN estimates the employers' contributions to employee benefits. It also includes estimate of proprietors' employment and proprietors' income.

IMPLAN estimates that average annual employment in Kentucky's distilled spirits industry was 7,844 when including proprietors' jobs. Total labor income for the industry was just over \$935 million.

**Table C-1 IMPLAN Estimates of Employment
and Labor Income, Kentucky Distilling Industry, 2024**

Wage and Salary Employment	7,588
Proprietors	257
Total Employment	7,844
Wages and Salaries	\$756,711,001
Supplements to Wages and Salaries	\$177,070,374
Employee Compensation	\$933,781,375
Proprietors' Income	\$1,345,144
Labor Income	\$935,129,519
Average Annual Compensation	
Wages and Salary Workers	\$123,066
Proprietors	\$5,249
Total (Wage and Salary and Proprietors)	\$119,209

Source: IMPLAN model of Kentucky, using 2024 economic data, sector 103.

Quarterly Census of Employment and Wages

All firms across the nation that employ workers who are covered by unemployment insurance must submit quarterly reports to their state unemployment insurance offices. These quarterly reports include a count of the workers that firms employed each month during the quarter and the total wages the firms paid their workers during the quarter. Each state UI office then submits reports to the U.S. Bureau of Labor Statistics (BLS). These reports are the basis for the Quarterly Census of Employment and Wages (QCEW). Because most workers in the nation are covered by unemployment insurance, these reports provide a near census of employment. As a result, the QCEW provides detailed estimates for smaller areas and narrowly defined industries.

Some other measures of employment use employer surveys to estimate employment. While these surveys provide useful information about employment, their relatively small sample sizes mean they often are not suitable for estimating employment for narrowly defined industries or small geographic areas. However, because the QCEW is a near census of employment, it typically can provide estimates in these cases.

The QCEW does have some limitations. As it includes only workers subject to UI, it misses certain types of workers. Specifically, the QCEW does not include self-employed workers and farm workers. This is unlikely to be a major concern for describing trends employment in Kentucky's distilling industry. However, it does mean that the QCEW likely understates the total employment and wages and salaries in the industry. Growth in small craft distilleries where the owners are the main employment are less likely to be reflected in these estimates.

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A second limitation is that the BLS will suppress employment and wage estimates for small areas and specific industries if there are too few establishments. For example, if only two distilleries operate in a county, the BLS would not publish estimates of employment because doing so would allow others to infer the individual distilleries' information. A final limitation is that the QCEW data is released on a six-month lag.

Table C-2 summarizes average annual employment and total annual wages from the QCEW for Kentucky's distilling industry from 2001 to 2024. In 2024, 112 Kentucky establishments reported employment in the distilling industry. Average annual employment increased from 2,945 jobs in 2001 to 7,509 jobs in 2024. This represents average annual growth rate of 4.2 percent. Total wages increased from \$156.6 million (or \$262 million in 2025 dollars) in 2001 to \$732.7 million in 2024. Adjusting for inflation, this represents an average annual growth rate of 4.7 percent. Most of this growth occurred after 2011.

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Table C-2 Distillery Employment and Wages, Kentucky

Year	Employment	Number of Business Establishments	Total Wages & Salaries (\$ millions)	Average Weekly Wages & Salaries	Average Annual Wages & Salaries
2001	2,945	16	156.6	1,023	53,190
2002	2,896	16	156.8	1,041	54,152
2003	2,907	14	168.2	1,113	57,871
2004	2,949	15	179.8	1,172	60,956
2005	3,005	15	203.3	1,301	67,652
2006	3,062	15	225.4	1,416	73,634
2007	3,167	16	236.5	1,436	74,685
2008	3,168	17	244.0	1,481	77,005
2009	3,100	17	225.6	1,399	72,767
2010	3,103	17	245.7	1,523	79,183
2011	3,208	19	256.1	1,535	79,822
2012	3,260	20	311.7	1,839	95,609
2013	3,594	23	327.7	1,754	91,194
2014	4,003	30	392.9	1,887	98,135
2015	4,144	36	394.5	1,831	95,206
2016	4,297	43	405.0	1,813	94,265
2017	4,563	48	432.0	1,821	94,680
2018	4,968	54	482.7	1,869	97,163
2019	5,253	59	521.4	1,909	99,266
2020	5,381	69	546.5	1,953	101,572
2021	6,065	82	563.7	1,788	92,951
2022	6,766	92	635.4	1,806	93,907
2023	7,270	100	667.2	1,765	91,773
2024	7,509	112	732.7	1,876	97,575
Change	4,564	96	576.1	853	44,385
Percent Change	155%	600%	368%	83%	83%

Source: United States. Bureau of Labor Statistics. Quarterly Census of Employment and Wages. NAICS 31214.

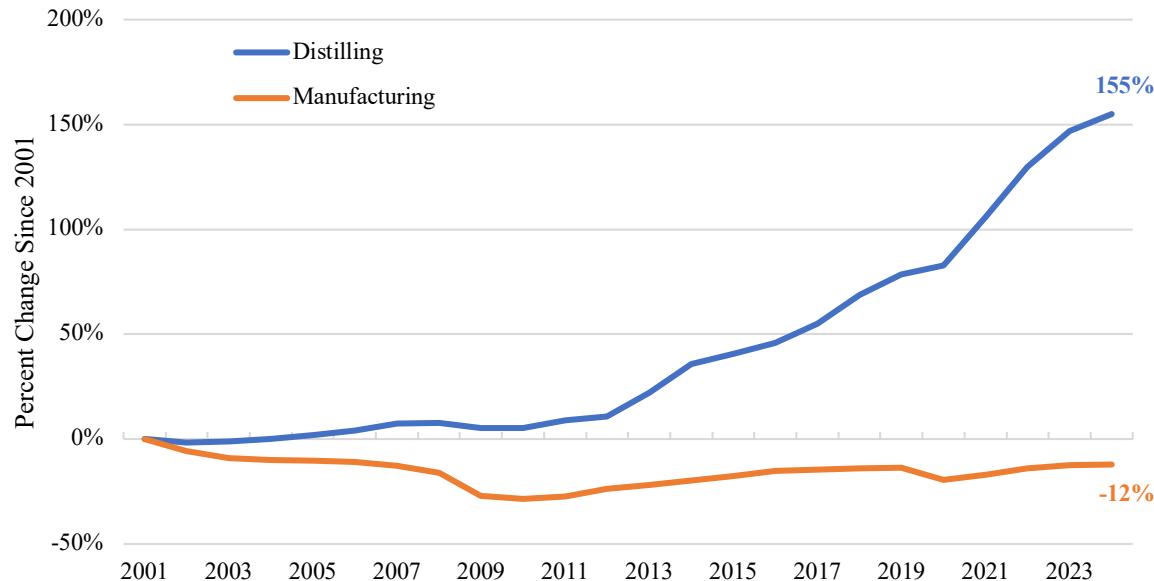
Note: Wages and growth rates are reported in nominal dollar, and therefore, are not adjusted for inflation.

Figure C-A compares the employment trends for Kentucky's distilleries to employment trends for Kentucky's private sector in total and its manufacturing sector. During the early 2000s, manufacturing employment declined both in Kentucky and across the nation. After the housing crisis in 2009, Kentucky's manufacturing sector began to recover, growing by 23 percent from 2011 to 2024. Despite this growth, Kentucky's manufacturing employment was still down 12 percent in 2024 compared to 2001. Kentucky's total private sector employment saw a similar pattern but stronger growth during this period. As of 2024, Kentucky's total private sector employment was 17 percent higher than in 2001.

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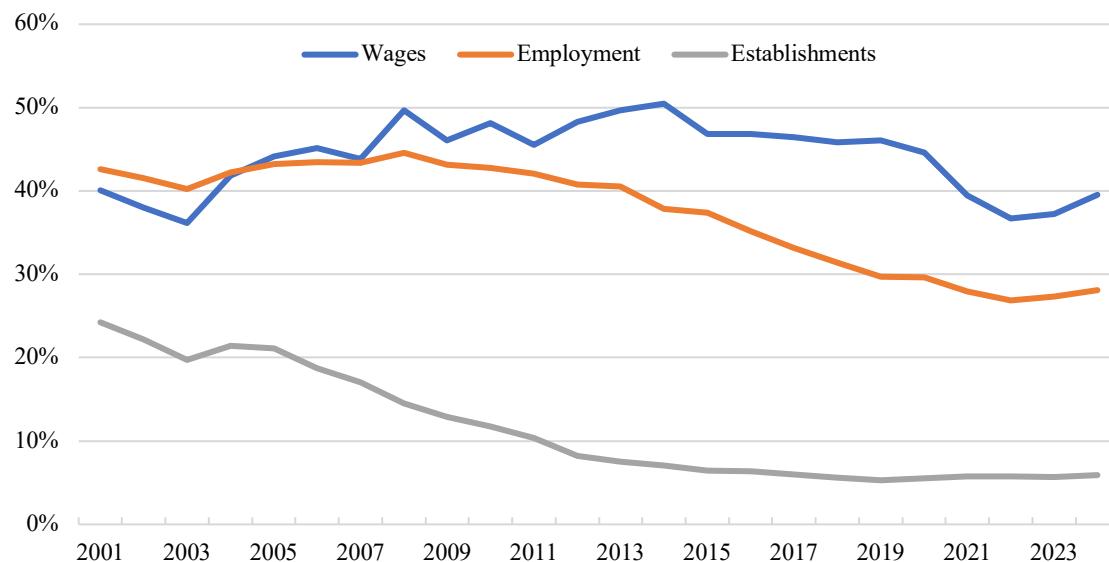
In the early 2000s when manufacturing employment was falling, Kentucky's distilled spirits producers were expanding their payrolls. Beginning in 2011, their employment growth accelerated. By 2024, employment in Kentucky's distilled spirits industry had increased by 155 percent.

Figure C-A Percent Change in Distilling and Manufacturing Employment Since 2001, Kentucky



Source: United States. Bureau of Labor Statistics. Quarterly Census of Employment and Wages.

Figure C-B Kentucky's Share of U.S. Distilling Industry



Source: United States. Bureau of Labor Statistics. Quarterly Census of Employment and Wages. NAICS 31214.

Economic Census

Every five years, the U.S. Census Bureau collects detailed statistics from business establishments across the country, which is commonly referred to as the Economic Census. Some estimates from the Economic Census such as employment differ somewhat from those available through other sources such as the QCEW. However, the magnitudes and trends are similar. The main advantage of the Economic Census is that it covers a much larger number of business establishments and includes data not available from other sources. Table C-3 reports estimates for Kentucky's distilling industry from 1997 through 2022, the most recent Economic Census available.

The Economic Census, like the QCEW and other data sources, indicate that employment in Kentucky's distilling sector has increased significantly. From 1997 to 2022, total employment increased by nearly 200 percent. Production workers accounted for two-thirds of employment. These production workers earned an average hourly rate of \$30.24, which is comparable to the hourly rate \$29.40 in the distillery industry nationwide.

Manufacturers invest in equipment and facilities, hire workers, and purchase raw materials. Through the production process, they use these inputs to generate new products that are sold to other businesses or consumers. Value added refers to the value of the goods manufacturers produce minus the cost of inputs they used. Kentucky's distillers have seen substantial increases in the value added — both in total value added and value added per worker. In 1997, value added by Kentucky's distillers was \$288,990 per worker (\$476,584 in 2025 dollars). By 2022, this figure increased to \$823,352. Adjusting for inflation, there represents a gain of 70 percent in the value added per worker.

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Table C-3 Kentucky's Distillery Industry, Selected Characteristics

	1997	2002	2007	2012	2017	2022
Number of establishments	16	16	15	19	49	68
Number of employees	2124	2061	2391	2283	3239	6310
Annual payroll (000)	\$75,727	\$88,915	\$111,351	\$146,936	\$231,960	\$461,912
Production workers avg per year	1,496	1,416	1,503	1,499	2,391	4,166
Production workers hours (000)	3,016	2,885	3,064	D	5,031	8,127
Production workers wages (000)	\$45,918	\$51,595	\$60,114	\$75,222	\$137,108	\$245,798
Value added (000)	\$613,814	\$579,681	\$2,003,008	D	\$2,883,306	\$5,195,348
Total cost of materials (000)	\$432,090	\$479,871	\$629,667	D	\$908,784	\$1,477,562
Total value of shipments (000)	\$1,034,299	\$1,070,722	\$2,459,131	D	\$3,902,731	\$5,727,646
Total capital expenditures (000)	\$28,331	\$30,864	\$50,176	\$66,647	\$218,285	\$150,502
Number of non-production workers	628	645	888	784	848	2,144
Payroll of non-production workers (000)	\$29,809	\$37,320	\$51,237	\$71,714	\$94,852	\$216,114

Source: U.S. Census Bureau, Economic Census 1997, 2002, 2007, 2012, 2017. Distilling industry is NAICS 312140. 'D' means not disclosed to maintain confidentiality on activity by one or two large establishments.

Table C-4 shows the same measures of Kentucky's distilling industry but as a percentage of the national total. While the number of distillery establishments has increased in Kentucky, it has increased at a considerably faster rate nationally. In 1997 Kentucky accounted for nearly 27 percent of all U.S. distillery establishments. By 2022, Kentucky accounted for only 5.3 percent. However, the establishments in the rest of the U.S. are considerably smaller than those in Kentucky. There are roughly 18 workers per distillery establishment nationally, but 93 workers per establishment in Kentucky. As a result, Kentucky still accounts for a large share of distilling employment, payroll, and production. Kentucky accounted for 26.5 percent of shipments in 1997 but 30.4 percent in 2022.

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Table C-4 Kentucky's Share of U.S. Distilling Industry, Selected Economic Characteristics

	1997	2002	2007	2012	2017	2022
Number of establishments	26.7%	23.9%	15.6%	7.6%	6.3%	5.3%
Number of employees	32.5%	36.8%	27.0%	32.7%	29.1%	27.9%
Annual payroll	30.0%	35.1%	26.9%	34.4%	33.4%	31.0%
Production workers avg per year	32.0%	38.3%	30.0%	33.2%	32.9%	32.1%
Production workers hours	31.0%	38.1%	30.2%	D	34.0%	33.7%
Production workers wages	29.0%	37.9%	30.1%	32.8%	35.2%	34.6%
Value added	27.8%	22.9%	42.9%	D	33.6%	34.8%
Total cost of materials	25.2%	30.5%	24.3%	D	28.2%	32.1%
Total value of shipments	26.5%	26.4%	34.7%	D	31.7%	30.4%
Total capital expenditures	37.3%	28.9%	32.2%	37.0%	53.6%	30.6%
Number of non-production workers	33.6%	33.9%	23.1%	31.7%	22.0%	22.3%
Payroll of non-production workers	31.7%	31.9%	24.0%	36.3%	31.2%	27.7%

Source: U.S. Census Bureau, Economic Census 1997, 2002, 2007, 2012, 2017. Distilling industry is NAICS 312140.
'D' means not disclosed to maintain confidentiality on activity by one or two large establishments.

The Economic Census also asks businesses about the capital expenditures they made during 2022. Kentucky's distilleries reported total capital expenditures of \$150.5 million in 2022. This was down from \$218 million in 2017. This suggests that distilleries continued to expand in 2022 but at a slower rate. Over these five years, Kentucky's distillers have shifted their capital expenditures from building and structures to machinery and equipment. In 2017, machinery and equipment accounted for 54 percent of their capital expenditures. In 2022, investments in machinery and equipment were up to 64 percent.

Table C-5 Capital Expenditures by Distilling Industry in Kentucky, 2022

Buildings and other structures	\$54,516,000
Machinery and equipment	\$95,986,000
Automobiles, trucks, etc. for highway use	D
Computers and peripheral data processing equipment	D
Other machinery and equipment	\$89,501,000
Total capital expenditures for buildings, structures, machinery, & equipment	\$150,502,000

Source: U.S. Census Bureau, Economic Census 2022.

County Business Patterns

The U.S. Census Bureau also produces the County Business Patterns (CBP), which provides similar data on industry establishments, employment, and payroll. The Census collects data from two main sources to produce estimates in the CBP. For single unit companies, a company that operates at one location, the Census obtains the businesses' payroll tax records from the Internal Revenue Service. For multi-unit companies, the Census uses data from the economic census and annual surveys.

While estimates from the CBP are based on tax records and surveys, estimates from the QCEW are based on unemployment insurance records. As a result, the estimates from these two sources differ somewhat in magnitude. Estimates of the number of establishments, employment, and payroll from the CBP are lower than estimates from the QCEW.

Both, however, suggest similar trends for Kentucky's distilling industry. The CBP shows that the number of distillery establishments increased from 15 in 2005 to 71 in 2023, an increase of 373 percent. Employment in this sector grew by 238 percent over this period. Payroll increased by 435 percent (or 265 percent after adjusting for inflation). Average pay per job increased by 59 percent (eight percent adjusting for inflation).

Table C-6 Distilling Establishments, Jobs, and Payroll in Kentucky

	Establishments	Paid Employees	Annual Payroll	Average Annual Pay Per Job
2005	15	2,047	\$99,498,000	\$48,607
2006	16	2,207	\$103,967,000	\$47,108
2007	14	1,681	\$81,081,000	\$48,234
2008	17	2,209	\$117,439,000	\$53,164
2009	16	1,903	\$104,575,000	\$54,953
2010	16	1,945	\$98,230,000	\$50,504
2011	18	1,897	\$107,441,000	\$56,637
2012	20	2,340	\$131,328,000	\$56,123
2013	23	2,272	\$150,002,000	\$66,022
2014	27	2,456	\$158,480,000	\$64,528
2015	37	3,020	\$205,248,000	\$67,963
2016	40	3,057	\$210,148,000	\$68,743
2017	47	3,306	\$228,086,000	\$68,992
2018	50	3,646	\$277,742,000	\$76,177
2019	55	4,505	\$331,577,000	\$73,602
2020	56	4,918	\$378,757,000	\$77,014
2021	63	5,225	\$408,192,000	\$78,123
2022	65	6,251	\$507,393,000	\$81,170
2023	71	6,911	\$532,514,000	\$77,053
Growth 2005 to 2023	56	4,864	\$433,016,000	\$28,446
	373%	238%	435%	59%

Source: U.S. Census Bureau, County Business Patterns, Distilling Industry NACIS 312140.

Kentucky Directory of Business and Industry

The Kentucky Cabinet for Economic Development maintains a database of many of the businesses operating in the state. In most data sources described in this report, businesses are classified by NAICS codes based on their primary operations. In the cabinet's database, businesses can report multiple NAICS codes if they have different types of operations. Cabinet staff provided an extract from this database that included all businesses that indicated they have some distilling operations (NAICS 31214) even if distilling is not their primary operations.

The database included 58 businesses with some distilling operations, which is up two from 2023. These businesses reported 6,473 employees. Kentucky's long history in the distilling industry is reflected in this database. Of the 58 businesses, seven were operating prior to 1900.

Occupations in the Distilling Industry

IMPLAN provides estimates from the U.S. Bureau of Labor Statistics and the U.S. Census Bureau describing the occupations present in industries. The estimates are based on four-digit occupation codes and represent activity from 2023.

These data show that Kentucky's distilling industry employs workers across a broad range of occupations—with some employment in 160 distinct occupations. Employment for many of these occupations was low. In fact, nearly half (79) of the occupations had fewer than ten positions.

Table C-7 shows estimates of employment and average annual wages and salaries for the top 30 occupations based on employment. With employment of 824, bartender was the most frequent occupation within the industry. Annual average wages and salaries for bartenders was \$57,803 in 2023. Annual wages and salaries were highest among managerial occupations and some specialty occupations such as lawyers and engineers that were not in the top 30.

Wages and salaries in Kentucky's distilling industry totaled \$751 million for 2023. Other forms of compensation such as insurance, retirement contributions, employer contributions for government social insurance totaled \$156 million in 2023.

Annual average hours worked was 1,883 — up from 1,800 in 2021. However, hours worked varied considerably across occupations. Average hours worked were lowest for service positions such as bartenders, waiters and waitresses, and food preparation workers. Average hours worked were highest among supervisors and managers.

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Table C-7 Top 30 Occupations in Kentucky's Distilling Industry

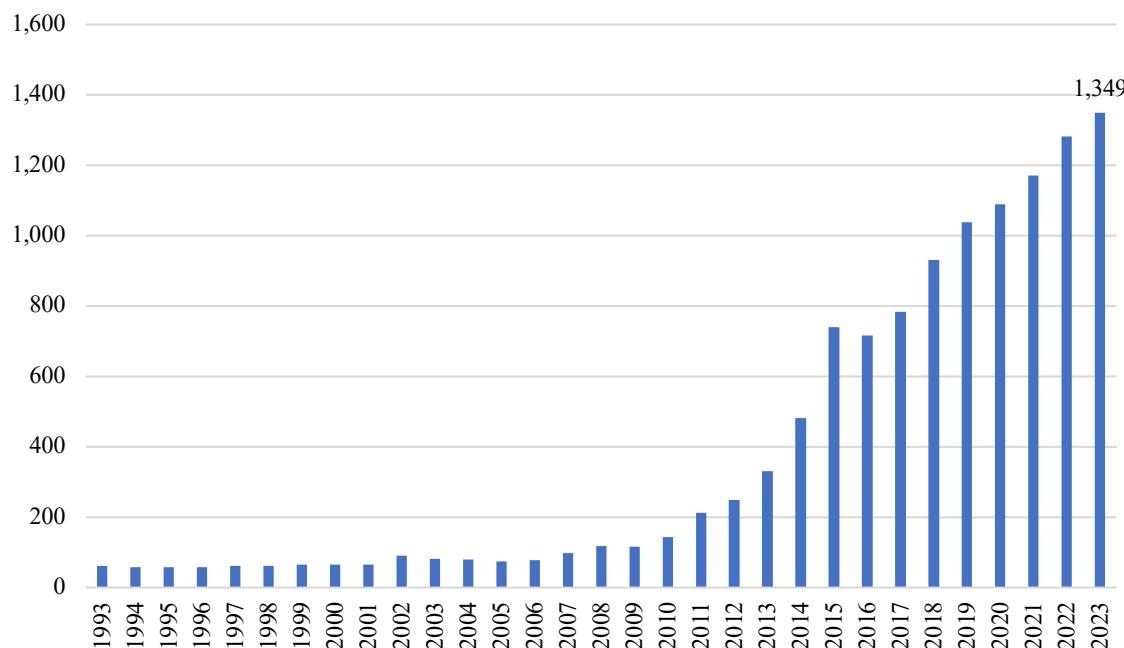
Occupation	Employment	Annual Wages & Salary
Bartenders	824	57,803
Packaging and Filling Machine Operators and Tenders	577	99,761
Separating, Filtering, Clarifying, Precipitating, and Still Machine Setters, Operators, and Tenders	549	111,561
Waiters and Waitresses	475	52,625
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	326	124,405
Laborers and Freight, Stock, and Material Movers, Hand	258	89,639
Demonstrators and Product Promoters	251	71,660
Retail Salespersons	219	60,767
Merchandise Displayers and Window Trimmers	211	75,269
Cooks, Restaurant	194	65,029
Industrial Truck and Tractor Operators	179	97,060
General and Operations Managers	168	222,642
First-Line Supervisors of Production and Operating Workers	139	148,631
Maintenance and Repair Workers, General	136	125,856
Farmworkers and Laborers, Crop, Nursery, and Greenhouse	134	83,208
Driver/Sales Workers	125	102,018
Industrial Machinery Mechanics	120	134,830
First-Line Supervisors of Food Preparation and Serving Workers	120	102,408
Heavy and Tractor-Trailer Truck Drivers	118	115,105
Inspectors, Testers, Sorters, Samplers, and Weighers	86	103,505
Stockers and Order Fillers	77	77,626
Food Batchmakers	75	101,106
Dining Room and Cafeteria Attendants and Bartender Helpers	70	44,701
Market Research Analysts and Marketing Specialists	66	131,346
Shipping, Receiving, and Inventory Clerks	58	104,084
Sales Managers	57	250,057
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	57	38,340
Food Preparation Workers	56	57,154
First-Line Supervisors of Transportation and Material Moving Workers, Except Aircraft Cargo Handling Supervisors	55	150,789
Bookkeeping, Accounting, and Auditing Clerks	50	103,815

Source: IMPLAN Model, 2024 Data, 16905 Northcross Dr., Suite 120, Huntersville, NC 28078 www.IMPLAN.com.

Appendix D National Growth in Distilling Establishments Over the Last Decade

From 1993 through the early 2000s, there was little growth in the number of distillers in the U.S. This began to change around 2002 as a few new distillers entered the market. The gains were slow at first, but by 2006 the U.S. started to see growth pick up. In 2006, there were 78 distillers in the nation. By 2023, this number had increased to 1,349.

Figure D-A National Growth in Distilling Establishments



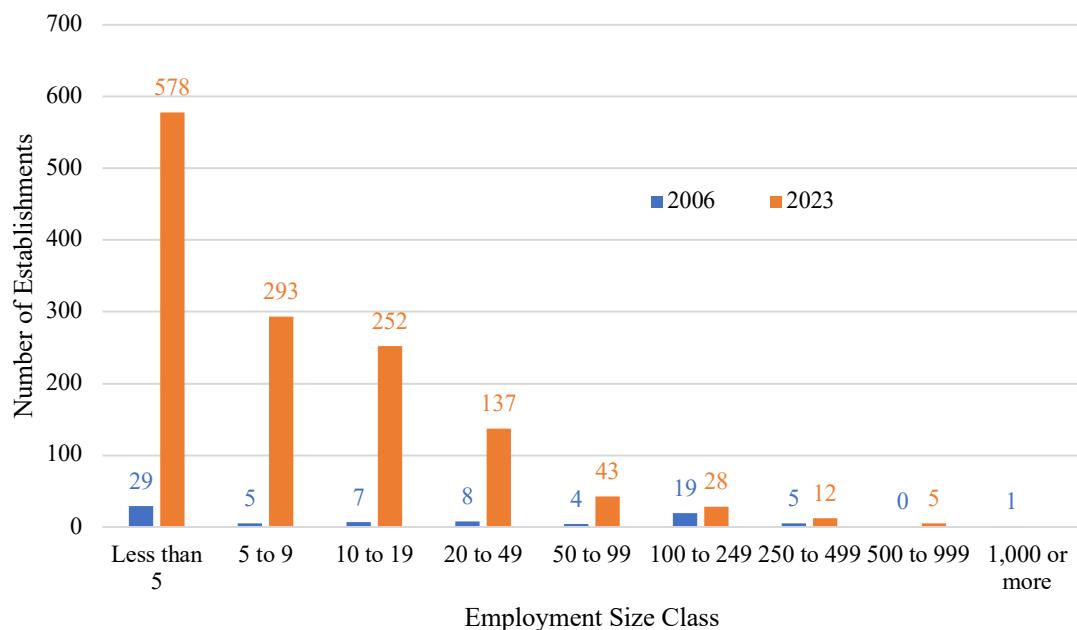
Source: U.S. Census Bureau, County Business Patterns, Distilling Industry NACIS 31214.

Note: The number of U.S. distilleries increased from 78 in 2006 to 1,349 in 2023.

Most of the growth has occurred among smaller distilleries (see Figure D-B). In 2006, there were 41 distilleries with fewer than 20 employees, accounting for half of the nation's total. By 2023, there were 1,123 of these craft distillers or micro-distillers, accounting for 83 percent of the nation's distillers. The number of larger distillers has also grown. In 2006, there were 25 distillers in the U.S. with 100 or more employees. As of 2023, this number had growth to 45, an increase of 80 percent.

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Figure D-B Number of Distilleries in the U.S. by Employment Size Class, 2006 and 2023



Source: U.S. Census Bureau, County Business Patterns, Distilling Industry NACIS 31214.

Appendix E The IMPLAN Model: Industrial Linkages and Economic Multipliers

The economic contributions of Kentucky's distilling industry were estimated using a customized IMPLAN model. IMPLAN is an input-output model that traces the economic linkages between industries in a region. The linkages refer to the degree to which one industry purchases various inputs it needs from other industries and the share of these inputs that are purchased from within the region. These linkages extend throughout the supply chain. So, raw materials might move through several stages of production before they are purchased by the industry of interest.

Based on these linkages, IMPLAN estimates the amount of employment and wages and salaries that are supported at the suppliers along the supply chain (indirect effects). IMPLAN also estimates how the workers of the industry and its suppliers spend their earnings within the local economy and how this spending supports employment, wages and salaries, and output within the region's economy (induced effects). IMPLAN is commonly used to estimate how an economic change such as a new manufacturing plant could affect a region's economy and how an industry contributes to the broader regional economy.

Customization

IMPLAN estimates inter-industry linkages based on national data. While IMPLAN adjusts these estimates to reflect the regional availability of inputs, it essentially assumes the industries have the very similar spending patterns across the nation, which might not be correct. However, IMPLAN's estimates can be improved if additional data on an industry's spending patterns are available and incorporated into the analysis.

For the 2018 report, Coomes and Kornstein obtained data from a large Kentucky distiller. In addition, surveys of KDA members over several years collected data on members' spending for major inputs. Based on these data, they determined that the spending patterns of Kentucky's distilleries sometimes differed from what IMPLAN estimated. The IMPLAN model was adjusted to reflect these differences.

One notable difference was that IMPLAN did not accurately capture the relationship between Kentucky distilleries and Kentucky cooperages. IMPLAN misclassified barrel purchases as coming from the wood products industry rather than wood containers and pallets industry. IMPLAN also underestimated the amounts that distilleries spend purchasing barrels from Kentucky's wood containers and pallets industry. KDA members surveyed reported that 66 percent of their barrel purchases were from Kentucky suppliers. The IMPLAN model for this analysis was adjusted to reflect this percentage.

A second notable difference was related to bottling. IMPLAN estimated a comparatively large share of bottling is outsourced from the "Wholesale Services - Other nondurable goods merchant

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wholesales" industry, which includes bottlers. However, most of Kentucky's major distillers have developed their own bottling facilities, so these activities are vertically integrated into the distillers' operations. IMPLAN's estimates of spending from the wholesale services industry was adjusted downward.

Production Function of Kentucky's Distilling Industry

Table E-1 shows the customized production function for Kentucky's distilling industry. This production function simply describes the industry's purchases of commodities from other industries and how much of these purchases are from Kentucky suppliers. Commodities can be goods or services. Purchases are stated in the amounts needed to support \$1 million in distillery output.

The distilling industry's largest input in terms of purchases are wood containers, pallets, and miscellaneous wood products, which mostly refers to barrels. Distilleries spend \$91,667 in barrels to produce \$1 million in distillery output. Per the survey of KDA members, distillers purchase 67 percent of their barrels from Kentucky suppliers.

Distillers' second largest input expense is purchases of spirits from other distillers. Many Kentucky facilities now focus on bottling spirits made somewhere else. These purchases, which include Bourbon and other spirits, often come from out-of-state. Growth in craft distilling is a major reason for this trend. To build their brands, new craft distillers often buy spirits, purchase aged barrels, or rent production space from larger companies. Kentucky distilleries spend nearly \$90,000 to purchase spirits. Most of this appears to come from outside of Kentucky.

Grains are another important input into producing distilled spirits. It is estimated that Kentucky's distillers spent over \$38.9 million to purchase corn, rye, malt and other grains. Based on KDA members' responses, it is estimated that they purchase 69 percent of their grain from Kentucky.²⁶

In total, distilleries are estimated to purchase \$0.59 in inputs for every \$1 in output they produce. In addition, for each \$1 in output produced, distilleries pay approximately \$0.14 in labor income, earn \$0.15 in other property-type income such as dividends and rent, and pay \$0.19 in indirect business taxes. These three categories make up what is commonly called value added. Distillers purchase inputs to produce an output that is more valuable. This difference between the value of their output and the cost of their inputs is the value they add.

IMPLAN estimates that Kentucky's distilleries produced \$6.9 billion in output in 2024. This suggests that Kentucky's distillers purchased \$4.1 billion in inputs. Of these purchases, \$1.86 billion were from Kentucky suppliers. In addition, for each \$1 million in output produced, distilleries pay \$127,157 in labor income, earn \$166,650 in other property-type income, and pay

²⁶ Distillers purchased 84% of their corn from Kentucky and 29 percent of their grains from Kentucky. In total, 69 percent of their grain was purchased from Kentucky.

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\$131,227 in indirect business taxes. Given the \$6.9 billion in output, distillers are estimated to add approximately \$3.2 billion in value.

Table E-1 Production Function for the Kentucky Distilling Industry

Commodities Purchased by Kentucky's Distilling Industry	Purchases per \$1 million of Distillery Output		
	Total	From Kentucky	Percent from KY
Wood containers, pallets, misc. wood products	\$91,667	\$60,453	67%
Distilled liquors & wines	\$89,591	\$16,254	18%
Wholesale trade distribution services	\$87,310	\$63,649	73%
Glass containers, misc. glass & stone	\$57,818	\$4,412	8%
Transportation services	\$36,006	\$30,144	84%
Plastic bottles & other plastics	\$26,507	\$3,414	13%
Fruit, flour, rice, & malt	\$24,306	\$1,575	6%
Grains	\$21,311	\$14,704	69%
Fabricated metal products	\$19,986	\$2,975	15%
Legal, accounting, & advertising services	\$17,691	\$7,673	43%
Banking & insurance services	\$16,290	\$12,283	75%
Machinery, material handling & electronic components	\$12,185	\$1,300	11%
Utilities	\$11,451	\$9,108	80%
Management of companies and enterprises	\$10,537	\$6,148	58%
Paper & packaging products, printing	\$10,249	\$2,923	29%
Motor vehicles, including maintenance	\$9,410	\$1,715	18%
Petroleum & other chemical products	\$9,399	\$1,753	19%
Business services & hospitality	\$9,049	\$7,999	88%
Buildings	\$8,412	\$6,634	79%
Noncomparable foreign imports	\$5,960	\$0	0%
Rental & leasing services	\$5,907	\$4,802	81%
Management, scientific, and technical consulting services	\$3,394	\$1,703	50%
Retail services	\$1,816	\$1,628	90%
Warehousing and storage services	\$937	\$870	93%
Telecommunications & digital services	\$936	\$712	76%
Repair and maintenance services	\$713	\$625	88%
Products & services of State & Local Govt enterprises (except electric utilities)	\$592	\$568	96%
Total Intermediate Purchases	\$589,429	\$269,859	46%
Employee compensation	\$126,157		
Proprietors' income	\$901		
Other property-type income (dividends, interest, rent)	\$166,650		
Indirect business taxes	\$131,227		
Total value of output	\$1,000,000		

Source: IMPLAN model of Kentucky, using 2024 economic data.

Kentucky's Distilling Industry Multipliers

As noted, distilleries directly employ workers, pay wages and salaries and produce output. In addition to these direct effects, distilleries also support other businesses in the state by purchasing inputs from them. When they purchase these inputs from suppliers located outside the state, the spending “leaks” out of the state’s economy. However, when the inputs are purchased from Kentucky suppliers the spending helps support the employment, wages and salaries, and output within state’s economy. Likewise, many of these Kentucky based suppliers will also purchase inputs from other businesses located in Kentucky such that the cycle repeats. The spending that initially started with the distilleries purchasing inputs repeats along the supply chain until the spending completely leaks out of the state. This represents the indirect effects. A similar process occurs as the employees of distilleries and businesses along the supply chain spend their earnings. This represents the induced effects. Together these are the “ripple” or “multiplier” effects that are often cited in economic impact reports. Essentially, it simply recognizes that a distillery’s operations can support economic activity beyond its own facilities.

These “ripple” effects are typically summarized using multipliers, which are calculated by dividing the total effects by the direct effect. For example, Kentucky’s distiller industry directly supports 7,844 jobs but supports 23,935 jobs in total throughout the state’s economy. Therefore, the distillery industry has an employment multiplier of 3.05. That is, for each job directly supported, a distillery’s operations support an average of 2.05 additional jobs elsewhere in the state. These multipliers are summarized in Table E-2.

Table E-2 Annual Economic Contribution of the Distilling Industry in Kentucky

	Labor Income Employment	Value Added (mil.)	Output (mil.)
Direct	7,844	\$935.1	\$2,961.2
Indirect	9,685	\$711.2	\$1,156.7
Induced	6,405	\$372.2	\$688.9
Total	23,935	\$2,018.6	\$4,806.8
<i>Multiplier</i>	<i>3.05</i>	<i>2.16</i>	<i>1.62</i>
			<i>1.53</i>

Source: Modified IMPLAN model of Kentucky using 2024 economic data.

Note: Labor income includes employee compensation and proprietors’ income.

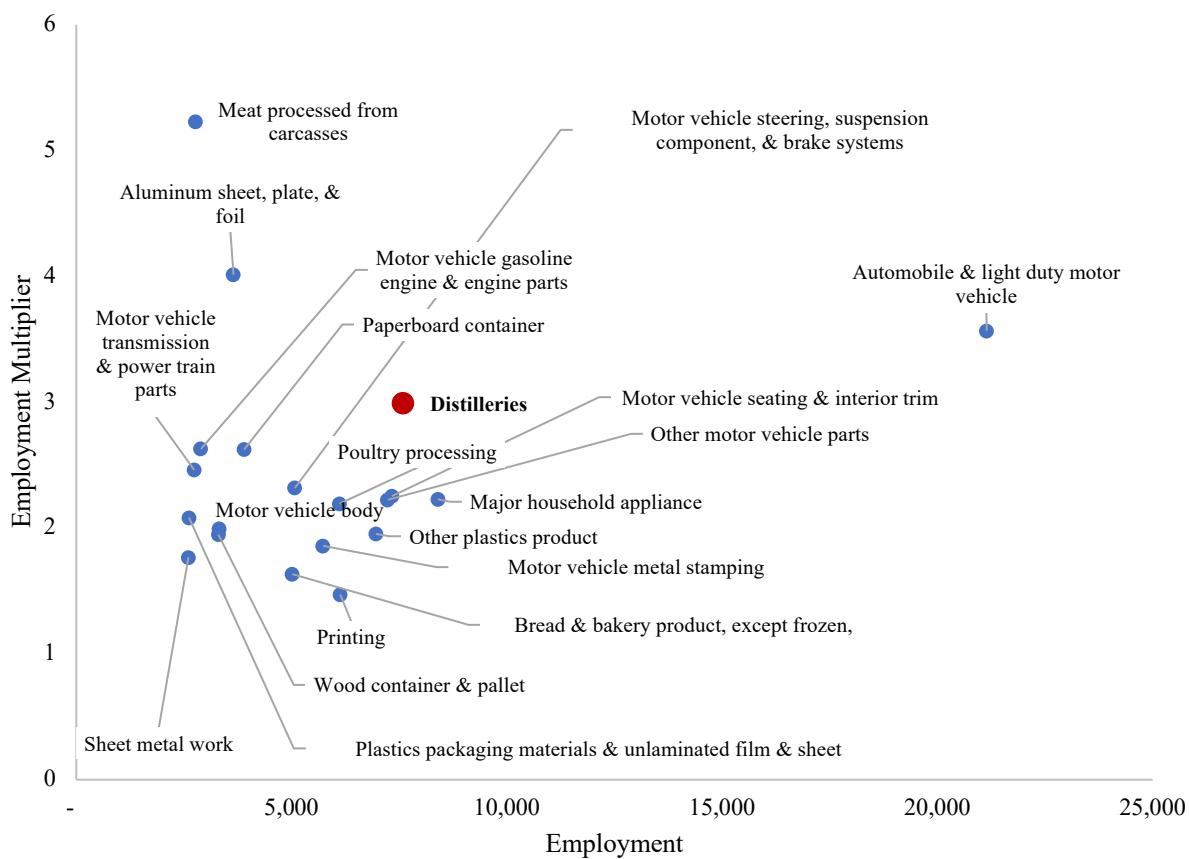
Comparison of Distilling Industry’s Multiplier to Other Manufacturers

IMPLAN provides data including economic multipliers for 528 industries. Of these, 317 are manufacturing industries. Figure E-A shows the 20 manufacturing industries with the largest employment in Kentucky. For each of these 20 manufacturing industries, the figure shows Kentucky employment and the employment multiplier for the state. Note that while IMPLAN bases its industry classification partially on NAICS codes, its industry classification does differ. Different groupings of industries can result in different employment levels and different multipliers.

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Employment in Kentucky's distilling industry is 7,588 and the industry has an employment multiplier of 3.05. For the industries defined by IMPLAN, only the automobile and light duty motor vehicle manufacturing sector has both more employment and a higher employment multiplier. Major household appliance manufacturing employs more workers than the distilling industry but has a smaller employment multiplier. Two other sectors, meat processed from carcasses and aluminum sheet, plate, and foil manufacturing, have higher employment multipliers than the distilling industry.

Figure E-A Employment and Multipliers for Top 20 Manufacturing Sectors in Kentucky Based on Employment (Kentucky)



Source: IMPLAN model of Kentucky, using 2024 economic data.

Appendix F Grain Usage by Kentucky's Distillers

Corn and other grains are major inputs for distillers. The actual amount of grain that distillers use depends on numerous production factors. Seth DeBolt, Director of the James B. Beam Institute for Kentucky Spirits, indicated that producing a 53-gallon barrel of Bourbon requires roughly nine bushels of corn and three bushels of other grains such as rye, wheat, and malted barley (personal communication, January 15, 2025). In 2024, Kentucky's distillers produced more than 3 million barrels of whiskey, most of which was Bourbon. Applying the grain amounts per barrel to the number of barrels produced in 2024 suggests that Kentucky distillers used approximately 27.3 million bushels of corn and 7.9 million bushels of other grains.

While Midwestern states grow most of the nation's corn (see Figure F-A), the 2025 survey of KDA members indicates that Kentucky's distilling industry purchases most of its corn from Kentucky farms. KDA members reported that they purchased 84 percent of corn and 29 percent of other grains from within the state. This is up from 70 percent of corn and 19 percent of other grain that they reported purchasing from Kentucky farms in the 2023 survey. Applying the rates reported in 2025 to total whiskey production indicates that Kentucky's farms supplied 22.9 million bushels of corn and 2.3 million bushels of other grains to Kentucky's distilling industry. For corn, this amounts to 10 percent of the total corn harvested in Kentucky for 2024.

Most of Kentucky's corn is grown in the western portion of the state (Figure F-B). The Midwestern, Purchase, and Central areas saw a large increase in corn production in 2013 and have remained high since (Figure F-C). While many factors affect production, the strong growth in distilling over this period has contributed to high demand for Kentucky's corn.

Table F-1 shows the corn production in counties located close to the main cluster of Kentucky's distillery operations. These production figures come from the 5-year Census of Agriculture and cover 1997 through 2022. Davies, Marion, Mercer, Nelson, Shelby, and Washington counties have experienced significant growth. For example, Nelson County, which is home to 12 distilleries, saw corn production increase from approximately 622,000 bushels in 1997 to over 3.7 million bushels in 2022. Most of this growth occurred after 2012. As noted, numerous factors influence the growth rate of corn production. However, the growth in demand for Kentucky's whiskeys has likely increased demand for corn from these areas and contributed to the growth in corn production for many of these counties.

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Figure F-A Corn for Grain 2023 Production by County for Selected States

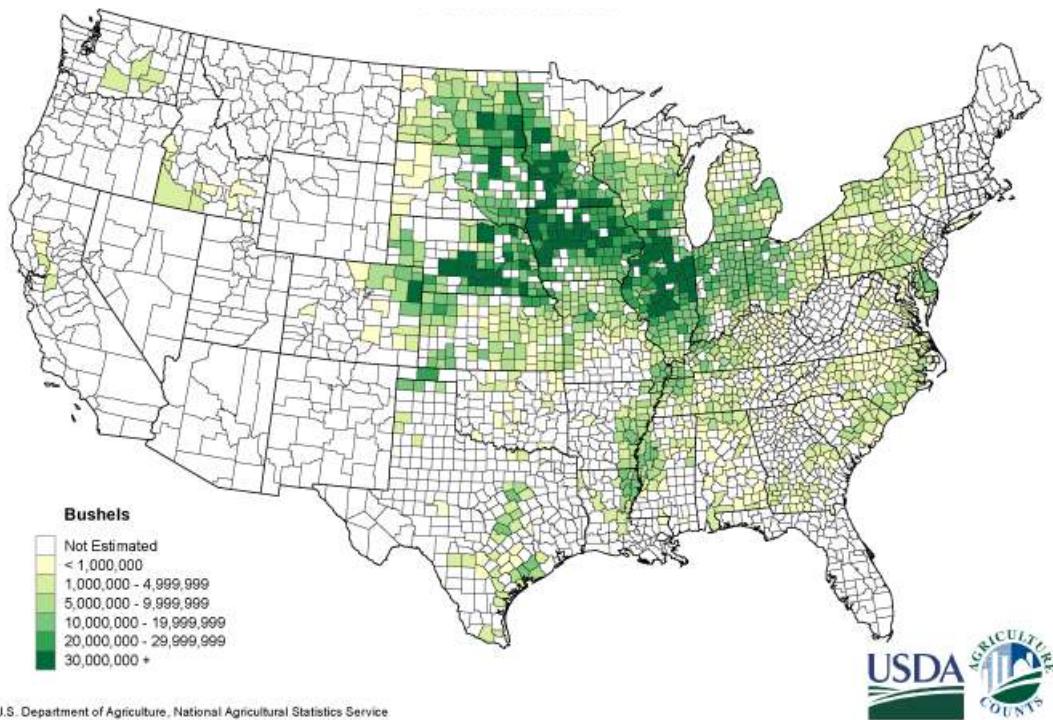
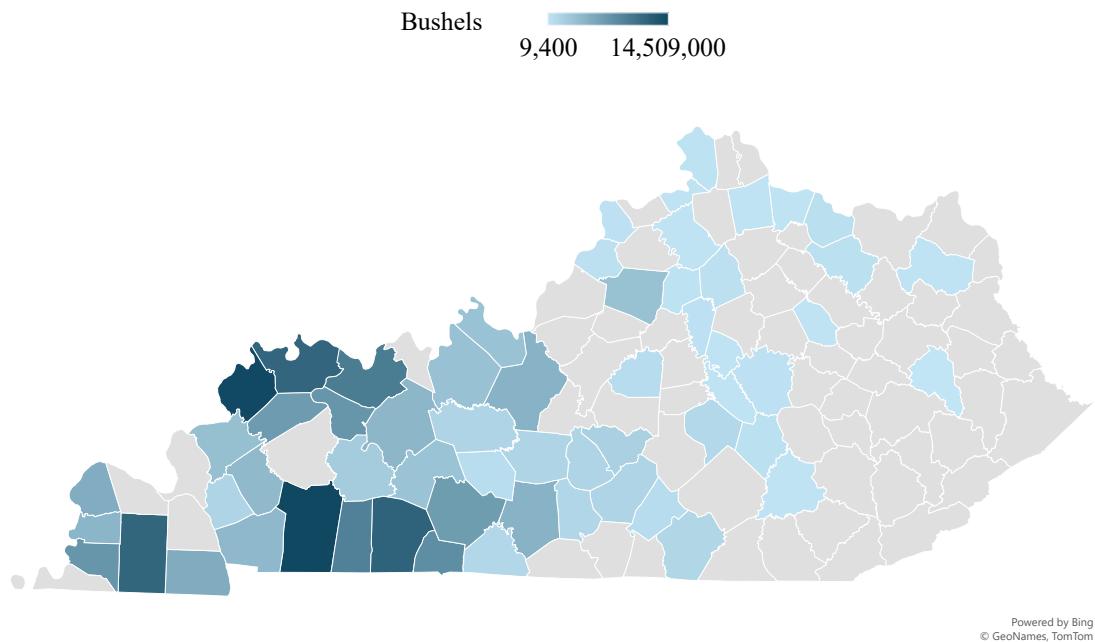


Figure F-B Kentucky Corn Production 2024



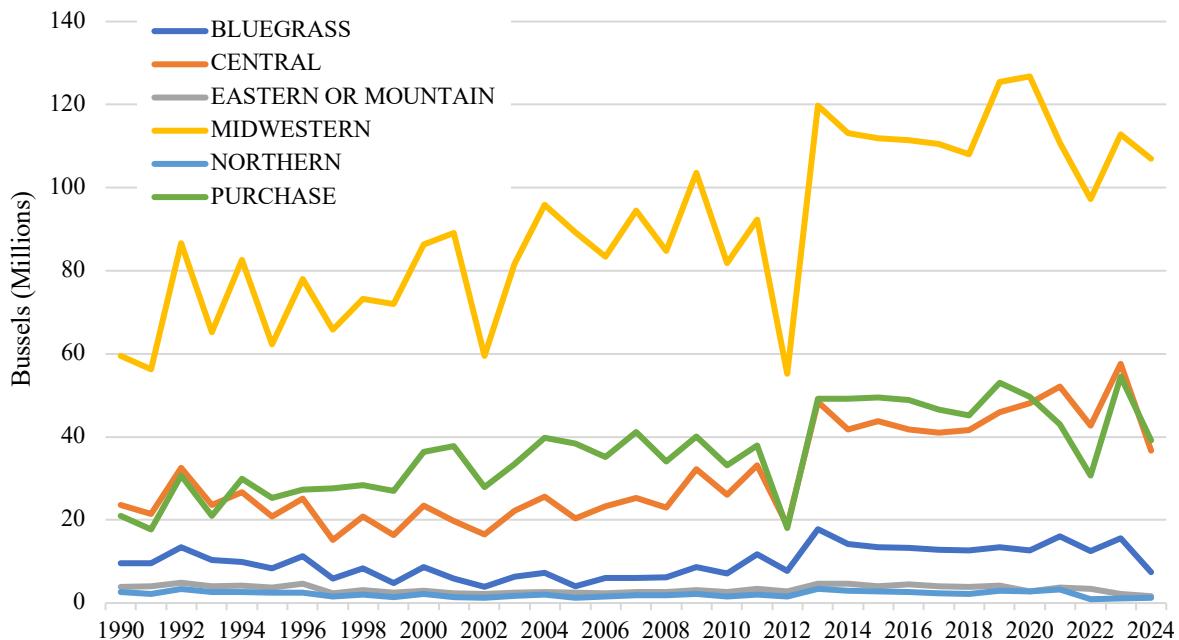
Source: United States Department of Agriculture. National Agricultural Statistics Service.

<https://quickstats.nass.usda.gov/#1BB7D640-8758-335B-80C9-5B7469DADF06>

Note: Data were not available for counties in grey.

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Figure F-C Corn Grown for Grain, by Kentucky Agricultural Regions



Source: U.S. Department of Agriculture, Agricultural Statistics Service
<https://quickstats.nass.usda.gov/#419D679D-2078-36F7-B72A-F808B5011FDF>.

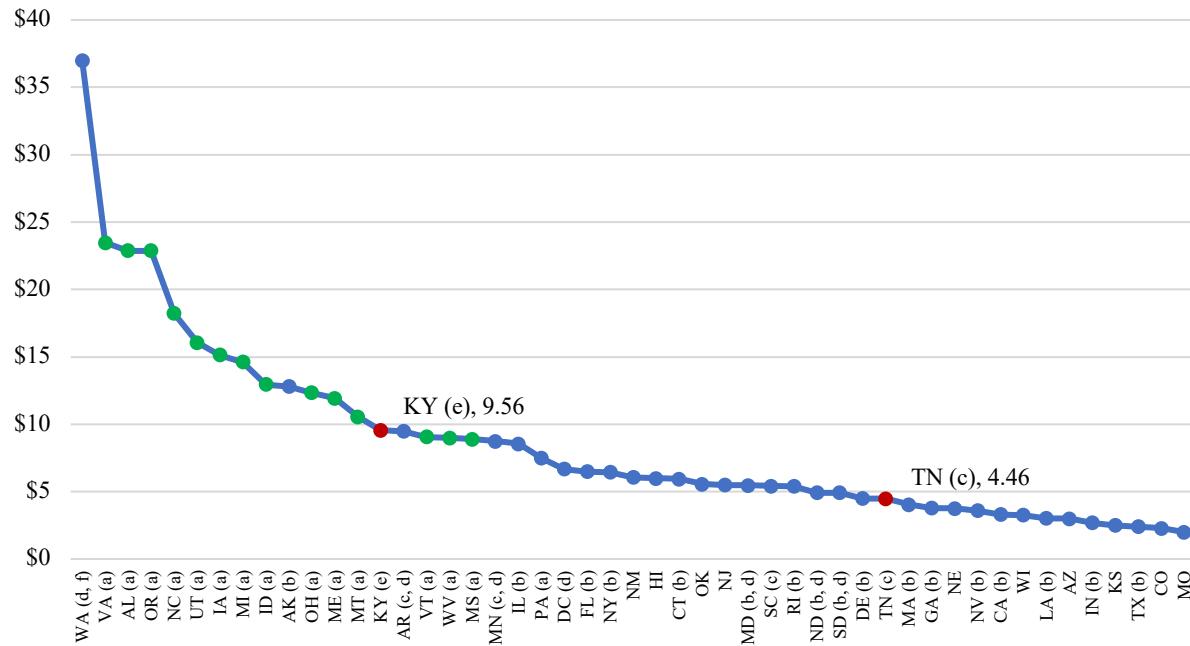
**Table F-1 Corn Production (Bushels) in Census Years,
Counties in Heritage Distillery Region**

	1997	2002	2007	2012	2017	2022	Growth 1997 to 2022
Anderson	36,940	24,750	8,640	109,516	38,960	25,271	-32%
Bullitt	152,012	140,368	200,939	193,252	330,688	98,596	-35%
Daviess	7,693,883	7,034,003	13,875,026	7,887,559	13,234,890	15,635,674	103%
Franklin	62,021	17,982	71,260	188,204	121,060	40,520	-35%
Jefferson	132,331	80,811	152,912	126,848	59,508	41,437	-69%
Henry	290,158	149,812	259,374	434,737	749,749	943,483	225%
Marion	534,461	589,312	613,573	809,143	1,725,737	2,734,767	412%
Mercer	188,881	112,866	53,883	174,997	765,064	1,370,781	626%
Nelson	622,109	1,217,504	1,800,868	1,533,586	3,905,961	3,790,507	509%
Shelby	685,817	708,028	1,821,125	2,376,594	3,290,423	4,114,522	500%
Spencer	307,822	197,177	194,361	338,881	672,772	541,408	76%
Washington	143,933	204,258	381,902	345,515	595,484	1,073,350	646%
Woodford	177,356	55,551	151,713	218,194	375,487	488,012	175%
Subtotal	11,027,724	10,532,422	19,585,576	14,737,026	25,865,783	30,898,328	180%
Kentucky							
Total	115,775,864	108,721,040	166,687,678	104,894,595	220,077,862	233,707,862	102%
Region's Share of							
State	9.5%	9.7%	11.7%	14.0%	11.8%	13.2%	

Source: U.S. Department of Agriculture, National Agricultural Statistics Service.

Appendix G Wholesale Tax Rates on Alcohol by State

Figure G-A Distilled Spirits Wholesale Tax Rates, by State per Gallon, January 1, 2025



(a) Control states, where the government controls all sales, are shown in green. Products can be subject to ad valorem mark-up as well as excise taxes. (b) Different rates also applicable according to alcohol content, place of production, size of container, or place purchased (on- or off-premise or onboard airlines).

(c) Includes case fees and/or bottle fees which may vary with size of container.

(d) Includes sales taxes specific to alcoholic beverages.

(e) Includes the wholesale tax rate of 11%, converted to a gallonage excise tax rate.

(f) Includes the retail (17%) and distributor (5%/10%) license fees, converted into a gallonage excise tax rate.

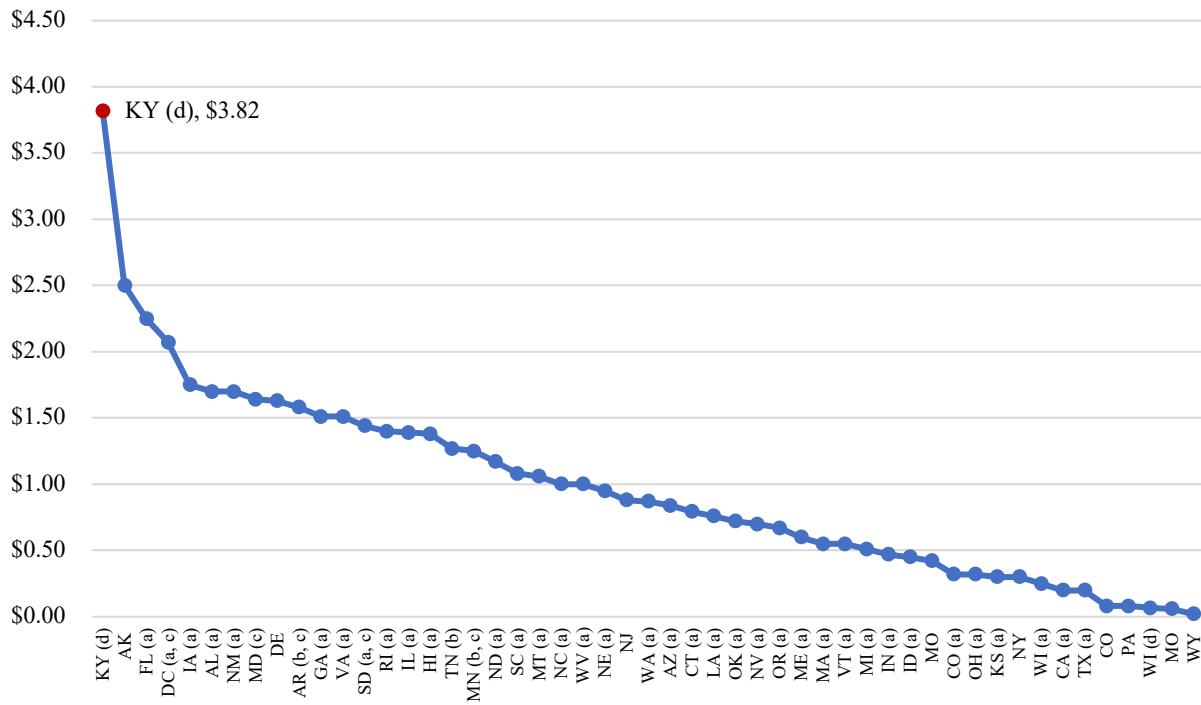
Note: Rates are those applicable to off-premise sales of 40% alcohol by volume (a.b.v.) distilled spirits in 750ml containers. At the federal level, spirits are subject to a tiered tax system. Federal rates are \$2.70 per proof gallon on the first 100,000 gallons per calendar year, \$13.34/proof gallon for more than 100,000 gallons but less than 22.23 million and \$13.50/proof gallon for more than 22.23 million gallons. The alcohol excise tax provisions of the Tax Cuts and Jobs Act were made permanent as of Dec. 27, 2020.

Source: Tax Foundation, Distilled Spirits Taxes by State, 2025. <https://taxfoundation.org/data/all/state/distilled-spirits-taxes/>.

According to the Tax Foundation, six states increased the wholesale taxes on distilled spirits from 2024 to 2025. These states were North Carolina, Arkansas, Virginia, Alabama, Iowa, and Michigan.

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Figure G-B Wine Wholesale Tax Rates by State per Gallon, January 1, 2025
(excludes retail sales taxes)

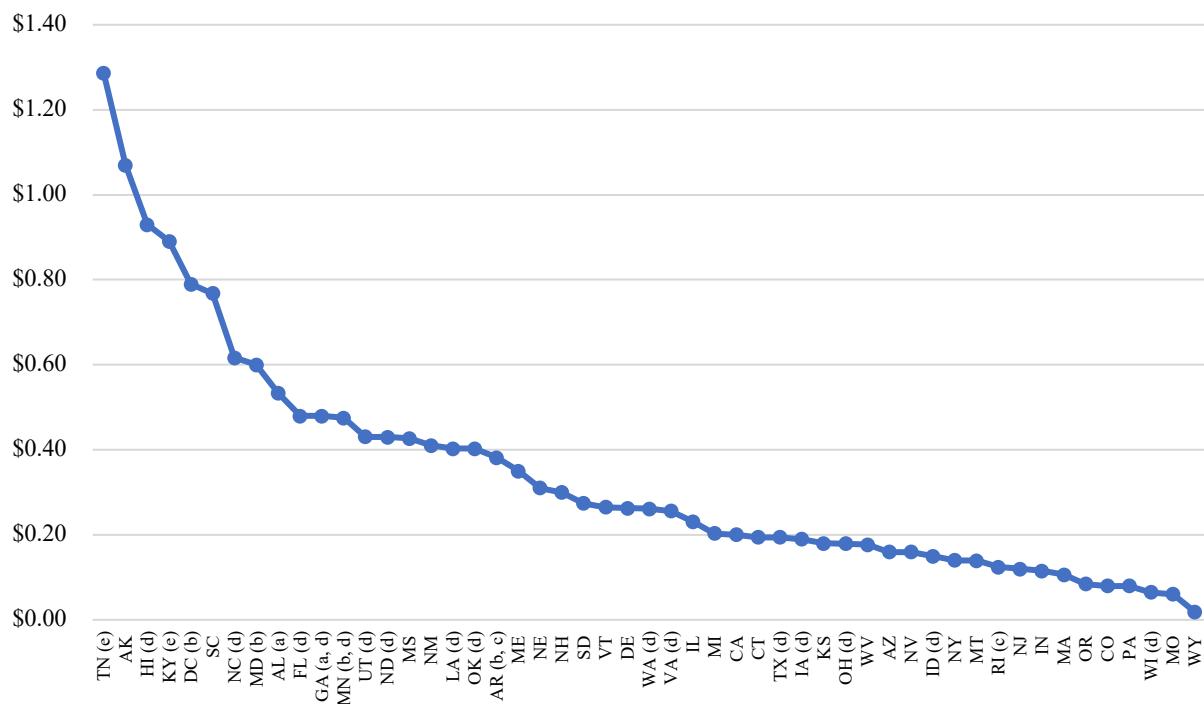


- (a) Different rates also applicable to alcohol content, place of production, size of container, place purchased (on- or off-premise or on board airlines), or type of wine (carbonated, vermouth, etc.).
- (b) Includes case fees and/or bottle fees which may vary with size of container.
- (c) Includes sales taxes specific to alcoholic beverages.
- (d) Includes the wholesale tax rate of 10%, converted to a gallonage excise tax rate.
- (e) Control states, where the government controls all sales. Products can be subject to ad valorem markup as well as excise taxes. Only license state volume-based tax rates are shown.

Note: Rates are those applicable to off-premise sales of 11% alcohol by volume (a.b.v.) non-carbonated wine in 750ml containers. Federal rates vary by alcohol content and type of wine, ranging up to \$3.15 for 21-24% alcohol and \$3.40 for sparkling wine. Federal rates also vary based on number of gallons sold. D.C.'s rank does not affect states' ranks.

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Figure G-C Beer Wholesale Tax Rates by State, per Gallon, January 1, 2025



- (a) Statewide local rates exist in Alabama (\$0.52/gallon) and Georgia (\$0.53/gallon).
- (b) Includes sales taxes specific to alcoholic beverages.
- (c) Includes case fees and/or bottle fees which may vary with the size of container.
- (d) Different rates also applicable according to alcohol content, place of production, size of container, or place purchased (on- or off-premise or onboard airlines).
- (e) Includes the wholesale tax rate in Kentucky (10%) and Tennessee (\$35.60 per barrel), converted into a gallonage excise tax rate.

Note: Rates are those applicable to off-premise sales of 4.7% alcohol by volume (a.b.v.) beer in 12-ounce containers which have been imported from outside the state. At the federal level, beer is subject to differing tax rates. Small domestic brewers are taxed between \$0.11/gallon and \$0.516/gallon. All other brewers are taxed at rates between \$0.516/gallon and \$0.58/gallon. D.C.'s rank does not affect states' ranks, but the figure in parentheses indicates where it would rank if included.

Source: Tax Foundation, Beer Taxes by State, 2025. <https://taxfoundation.org/data/all/state/beer-taxes-by-state/>.