

1 AN ACT relating to the Kentucky Grape and Wine Council and making an
2 appropriation therefor.

3 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

4 ➔Section 1. KRS 260.165 is amended to read as follows:

- 5 (1) The Kentucky Grape and Wine Council is hereby created within the Department of
6 Agriculture. The purpose of the council shall be to promote and facilitate the
7 development of a Kentucky-based grape industry in the Commonwealth of
8 Kentucky.
- 9 (2) The council shall be composed of the Commissioner of Agriculture, or his designee,
10 and nine (9) members appointed by the Governor. Of the nine (9) gubernatorial
11 appointments, the Governor shall appoint one (1) from a list of three (3) candidates
12 submitted by the director of the University of Kentucky Agriculture Experiment
13 Station, one (1) from a list of three (3) candidates submitted by the secretary of the
14 Tourism, Arts and Heritage Cabinet, three (3) winery operators from a list of six (6)
15 candidates submitted by the Commissioner of Agriculture, two (2) grape producers
16 from a list of four (4) candidates submitted by the Commissioner of Agriculture,
17 and two (2) citizens at large.
- 18 (3) Of the members appointed after January 1, 2007, three (3) members shall serve a
19 term of one (1) year, two (2) shall serve a term of two (2) years, two (2) shall serve
20 a term of three (3) years, and two (2) shall serve a term of four (4) years, as the
21 Governor designates. Thereafter, appointed members shall serve terms of four (4)
22 years and until their successors are appointed and qualify. A vacancy in an
23 unexpired term shall be filled for the unexpired portion of the term in the same
24 manner as the original appointment to that term.
- 25 (4) The council shall select a chairman and shall meet at least once every three (3)
26 months at the times and places the chairman designates. Six (6) members present at
27 any meeting shall constitute a quorum. Upon the written request of any five (5)

1 members, the chairman shall call a meeting of the council at the time and place
2 requested.

3 (5) The council may enact bylaws concerning the conduct of the council's business and
4 other administrative procedures as the council deems necessary.

5 (6) Members shall receive no compensation but shall be reimbursed, payable from the
6 Kentucky small farm wineries support~~[Grape and Wine Council]~~ fund, for any
7 actual travel expense incurred while attending meetings of the council.

8 ➔Section 2. KRS 260.166 is amended to read as follows:

9 (1) The Kentucky Grape and Wine Council, created in KRS 260.165 to promote and
10 facilitate the development of a grape, grape products, and wine industry, may:

11 (a) Conduct and contract with others to conduct research on grapes, grape
12 products, and wine in Kentucky and elsewhere for use in Kentucky, including
13 but not limited to:

- 14 1. Methods of marketing, market development, and distribution;
- 15 2. Methods of storage, refrigeration, processing, and transportation;
- 16 3. Methods of production and product development;
- 17 4. Methods of agronomic, enological, and viticultural practices to improve
18 these practices in Kentucky; and
- 19 5. Economic benefits and impact from the industry;

20 (b) Publish and provide and contract with others to publish and provide
21 wholesalers and retailers in the Kentucky grape, grape products, and wine
22 industry with information on proper methods of handling and selling grapes,
23 grape products, and wine;

24 (c) Publish and provide and contract with others to publish and provide producers
25 of Kentucky grapes, grape products, and wine, as well as the general public,
26 with information relating to Kentucky grapes, grape products, and wine; and

27 (d) Design and implement or contract with others to design and implement

1 activities relating to Kentucky grapes, grape products, and wine, including but
2 not limited to:

- 3 1. Market surveys and analyses;
- 4 2. Industry promotion programs;
- 5 3. Market maintenance and expansion plans;
- 6 4. Education programs;
- 7 5. Public relations programs;
- 8 6. Economic impact analyses; and
- 9 7. Other analysis or research relating to the promotion and sale of
10 Kentucky grapes, grape products, and wine.

11 (2) The Kentucky Grape and Wine Council, to the extent that funds are available, shall:

12 (a) Promote the sale of grapes, grape products, and wine for the purpose of
13 maintaining and expanding present markets and creating new markets for
14 Kentucky grapes, grape products, and wine for the maximum economic
15 impact on the agricultural economy of Kentucky;

16 (b) Inform the public, producers, and vendors about Kentucky grapes, grape
17 products, and wine, including uses and benefits of these products;

18 (c) Advise the Commissioner to:

19 1. Expend moneys from the Kentucky ***small farm wineries support fund***
20 ~~{Grape and Wine Council fund created in KRS 260.168}~~ to carry out the
21 duties and recommendations of the council; and

22 2. Hire staff to carry out the duties and recommendations of the council;
23 and

24 3. Promulgate administrative regulations to carry out the duties and
25 recommendations of the council;

26 (d) Coordinate with the Kentucky Department of Agriculture and other state
27 agencies in carrying out these duties;

- 1 (e) Report annually to the Governor and the General Assembly on the activities of
2 the Kentucky Grape and Wine Council; and
- 3 (f) Report by November 1 of each year to the Interim Joint Committee on
4 Licensing and Occupations of the Kentucky General Assembly and the
5 Agricultural Development Board on the coordination between Kentucky
6 wineries and Kentucky wholesalers to promote the availability of Kentucky
7 wine to retailers.

8 ➔Section 3. KRS 260.167 is amended to read as follows:

9 The Commissioner shall, to the extent that funds are available and with the advice and
10 recommendation of the council:

- 11 (1) Receive and disburse funds from the Kentucky *small farm wineries support fund*
12 ~~{Grape and Wine Council fund created in KRS 260.168}~~;
- 13 (2) Hire staff to carry out the duties and recommendations of the council;
- 14 (3) Promulgate administrative regulations to carry out the duties and recommendations
15 of the council;
- 16 (4) Assist in the preparation of the annual report of the council; and
- 17 (5) Monitor the activities of the council to ensure timely performance of the duties of
18 the council under KRS 260.166.

19 ➔Section 4. KRS 260.175 is amended to read as follows:

- 20 (1) The Kentucky small farm wineries support fund is created as a separate revolving
21 fund. The support fund shall consist of amounts transferred to the fund pursuant to
22 the provisions of subsection (2) of this section and any other proceeds from *federal*
23 *funds, gifts,* grants, contributions, *state* appropriations, or other moneys made
24 available for the purposes of the fund. Fund amounts not expended at the close of
25 the fiscal year shall not lapse but shall be carried forward into the next fiscal year.
26 Any interest earnings of the fund shall become a part of the fund and shall not lapse.
- 27 (2) A total of four hundred thousand dollars (\$400,000) shall be deposited in the

1 Kentucky small farm wineries support fund each fiscal year from the general fund.
2 The funds shall be used by the Kentucky Grape and Wine Council as follows:

3 (a) ~~[Two hundred thousand dollars (\$200,000) of these]~~ Funds shall be used for
4 the promotion, advertising, and marketing in Kentucky of wines~~[wine]~~
5 produced by small farm wineries located in Kentucky. The Kentucky Grape
6 and Wine Council shall collaborate with the Kentucky Department of
7 Agriculture and the Kentucky Department of Tourism to develop a marketing
8 plan that shall include brand development, direct mail and e-marketing, Web
9 site development, collateral brochures and maps, advertising, familiarization
10 trips, a retail program, and any other topics that the marketing plan developers
11 deem appropriate or that may be established through the promulgation of
12 administrative regulations;

13 (b) *Funds shall be used by the Kentucky Grape and Wine Council, in*
14 *collaboration with the Kentucky Department of Agriculture and the*
15 *Department of Tourism, to establish a Kentucky Grape and Wine Council*
16 *Vineyard Expansion Reimbursement Grant Program. Funds shall be used*
17 *for the purpose of expansion or improvement of existing vineyards. The*
18 *Kentucky Grape and Wine Council shall advise the Commissioner*
19 *regarding promulgation of administrative regulations to establish and*
20 *administer the Kentucky Grape and Wine Council Vineyard Expansion*
21 *Reimbursement Program. Standards for the application for, and receipt of,*
22 *reimbursement grant funds authorized in this section shall be established*
23 *through the promulgation of administrative regulations by the Department*
24 *of Agriculture;*

25 (c) ~~[One hundred thousand dollars (\$100,000) of these]~~ Funds shall be used by
26 the Kentucky Grape and Wine Council, in collaboration with the Kentucky
27 Department of Agriculture and the Kentucky Department of Tourism, to

1 establish a local marketing cost-share program. For the purposes of this
 2 section, "local marketing cost-share program" means a mechanism to provide
 3 Kentucky small farm wineries with access to matching funds reimbursements
 4 for projects that promote and market their products. Standards for the
 5 application for, and receipt of, matching funds reimbursements authorized in
 6 this section shall be established through the promulgation of administrative
 7 regulations;

8 ~~(d)(c)~~ ~~[Twenty five thousand dollars (\$25,000) of these]~~Funds shall be used
 9 for funding the administrative costs of the Kentucky Grape and Wine Council.
 10 The costs shall include but not be limited to reimbursement for the council's
 11 appointed members' travel expenses while attending meetings of the council;

12 *or*

13 ~~(e)(d)~~ Funds~~[Seventy five thousand dollars (\$75,000)]~~ shall be used for the
 14 payment of fees to licensed wholesalers who apply to the Kentucky Grape and
 15 Wine Council to participate in a wine distribution program established by the
 16 Kentucky Grape and Wine Council. A licensed wholesaler shall apply and
 17 shall be eligible for consideration for the program. The licensed wholesaler
 18 shall agree to distribute the wine produced by small farm wineries licensed
 19 under KRS 243.155 and shall agree to sell the wine to retailers for the same
 20 price the wholesaler paid for the wine~~]; and~~

21 ~~(e) The funds allocated to each purpose under paragraphs (a) to (d) of this~~
 22 ~~subsection shall be used exclusively for the purpose designated. Use of the~~
 23 ~~funds designated for each purpose shall be strictly adhered to, and the funds~~
 24 ~~shall not be used to support any other purpose. If at the end of any fiscal year~~
 25 ~~funds designated for one (1) of the purposes are unused, the unused funds~~
 26 ~~shall not lapse and shall be carried forth to the succeeding year for the original~~
 27 ~~purpose designated].~~

1 (3) The Kentucky Grape and Wine Council shall advise the Commissioner of the
2 Department of Agriculture regarding promulgation of administrative regulations
3 necessary to carry out the provisions and purposes of subsection (2) of this section.
4 The Department of Agriculture shall collaborate with the Kentucky Department of
5 Tourism and the Kentucky Grape and Wine Council in developing any
6 administrative regulations promulgated under the authority of this section.

7 **(4) On or before October 1, 2018, and on or before each October 1 thereafter, the**
8 **Kentucky Grape and Wine Council shall report to the Interim Joint Committee**
9 **on Appropriations and Revenue and the Interim Joint Committee on Agriculture:**

10 **(a) The amount of revenues deposited in the Kentucky small farm wineries**
11 **support fund, by source of revenue, for the immediately preceding fiscal**
12 **year;**

13 **(b) A full accounting of expenditures incurred during the immediately**
14 **preceding fiscal year, including the name of the person receiving the funds,**
15 **the reason for the expenditure, the date the funds were expended, and the**
16 **amount; and**

17 **(c) The fund balance on June 30 of that year.**

18 ➔Section 5. The following KRS section is repealed:

19 260.168 Kentucky Grape and Wine Council fund.