



Other changes that could impact local governments:

**Section 9** clarifies the appointment of a county alcoholic beverage control administrator for each county by the county judge/executive and removes the requirement that the administrator be bonded with the cost of the bond being covered by the county.

**Sections 11, 15, and 18** of the bill would formalize the process for appeal of a decision or order of a local administrator to the Alcoholic Beverage Control Board and would require service of a notice of appeal on the local administrator.

**Section 12** would prohibit cities with less than three thousand citizens within a county containing a consolidated local government from creating the office of city alcoholic beverage control administrator, unless done before August 1, 2014.

**Section 20** of HB 183 GA would remove the prohibition on holding a local option election on the same day a primary or general election is held, and would expand the time frame for scheduling a local option election to 150 days after a petition for local option election is filed.

**Section 21** of the bill would extend to a dry or moist county or city authority to hold a local option election for the limited sale of alcohol in a precinct containing a nine (9) or 18-hole golf course that meets certain criteria.

**Section 22** would extend authority to hold a local option election for limited sale of alcohol, not only wine, in a dry or moist city or county precinct containing a small farm winery in addition to a moist precinct.

**Section 23** would extend authorization to hold a limited sale precinct election to authorize the sale of alcoholic beverages on Sunday at a small farm winery to a moist territory in addition to a wet territory.

**Section 28** would establish the qualifications and terms for a sampling license.

**Section 32** would authorize a distillery located in a wet territory or a territory that has authorized the limited sale of alcohol by local option election to be issued a NQ2 (may be issued to hotels of certain capacity, restaurants of certain capacity, airports, or riverboats) retail drink license rather than NQ3.

**Section 33** would allow licensed caterers to transport, sell, serve, and deliver alcoholic beverages (not just malt beverages) by the drink at off-site locations in wet cities and counties where quota retail drink licenses are not available if the receipts from catering food are at least 50% of the gross receipts from catering of both food and alcohol.

**Section 37** would extend to nonprofit organizations in addition to charitable organizations the ability to conduct an auction of alcoholic beverages.

**Section 43** would prohibit a county issuing a county alcoholic beverage license to, or imposing a county alcoholic beverage license fee on, any person who holds a city license issued under Section 44 of the bill.

**Section 44** would repeal and reenact KRS 243.070 to re-structure the maximum fees the legislative body of a city or a consolidated local government may charge for listed licenses.

**Section 62** would eliminate the population requirement for cities to issue quota retail drink licenses but would prohibit their issuance if the city or county has enacted an ordinance preventing their issuance.

**Sections 80 and 81** change venue of an appeal from orders of the board from Franklin Circuit Court to the circuit court of the county where the appellant resides or where the appellant's licensed premises is located.

**Section 106 and 109** would provide that a licensee authorized to sell distilled spirits, wine, and malt beverages at retail that is located in a jurisdiction allowing Sunday sales may also sell on Sunday and during hours and times permitted by local ordinance, but would prohibit local governments from disallowing sale or delivery of alcohol between 6 am and midnight **except** on Sunday.

**Section 119** would repeal numerous alcoholic beverage control statutes, including:

- KRS 241.130-241.240, requiring that cities and counties post a bond on behalf of their alcoholic beverages administrator;
- KRS 243.072, eliminating the necessity for an economic hardship determination before a wet city of a certain population or a county containing such a city may license hotels, motels, inns, or restaurants in the city for sales of alcoholic beverages by the drink on the premises.

### **Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost**

**Passage of HB 183 GA would have a minimal to moderate positive fiscal impact on local jurisdictions.**

HB 183 GA would generally expand licensing and sales of alcoholic beverages and so would increase license fees and tax revenues to local jurisdictions, though it's not expected to be a significant increase, as these fees generally make up a very small portion of a local jurisdiction's revenue.

Eliminating the necessity of a bond for administrators would be a very minimal savings to local jurisdictions, as the bond required was only in the amount of \$1,000.

Currently, state law allows holders of city alcoholic beverage licenses who have paid a license fee to credit the fee paid the city against the fee imposed by the county. Prohibiting a county from requiring an alcoholic beverage license and imposing a fee where the licensee holds a city license could reduce revenue to counties. Removing the population

requirement for cities to issue a quota retail license could increase revenue to cities, and perhaps generate other economic activity.

Perhaps the most significant positive impact would be the authorization for local option elections to be held on the same day as a primary or general election. KRS 242.030 currently prohibits holding a local option election on the same date as a primary or general election. County governments must pay the expenses of elections, and they can be significant. The average cost to a county of conducting an election is \$2,000 per precinct. Counties vary in the number of precincts; for example, Fayette County has 291 precincts. If only one (1) precinct in Fayette County holds a local option election on a date other than a primary or general election then the cost is \$2,000. On the other hand, if all 291 precincts participate in the local option election, then the cost is \$582,000. Even if the local option election is held on the same date as a primary or general election, a county still incurs some costs. According to Harp Enterprises, a vendor providing electronic voting machines to 97 Kentucky counties, the costs range from \$14 per precinct for larger counties such as Fayette with 291 precincts, to \$45 per precinct for smaller counties such as Franklin, with 44 precincts. Primary and general election costs are minimally offset by state reimbursement to counties of \$198 per precinct.

**Data Sources:** Kentucky Association of Counties; Kentucky Revised Statutes; Kentucky Office of Alcoholic Beverage Control; LRC staff

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