

the sale and consumption of malt beverages by the drink without restriction provided that the microbrewery is located in a wet territory or precinct.

SB 99 SCS 1 will promote economic development and tourism. By promoting business activity and increased employment, the proposal will generate additional tax revenue for local governments. While the amount of this additional tax revenue is indeterminable, **it is expected to range from minimal to moderate** and will depend largely on how the local community supports the distillery as a viable economic stimulus. The Kentucky Distillers Association states that in situations where the distillery is allowed to sell product at their gift shop and market the product as being available, the area sees an uptick in restaurant and lodging business resulting in increased tax revenue.

Costs related to an ordinance would include the time and expense of drafting the ordinance, advertising the proposal in a local newspaper, placing the ordinance on the business docket for necessary action, and dependent on the results of the fiscal court vote, putting the proposal on the ballot for the people to vote on. There would also be cost related to printing a revised list of ordinances if the ordinance passes.

According to Kentucky League of Cities, most cities, especially the smaller ones, retain their city attorney on contract and pay on an hourly basis. Time spent drafting ordinances is influenced by its complexity and the amount of research that is necessary. In FY 2018, the median hourly rate was approximately \$106. Rates for legal notices vary greatly depending on the length of the publication, the number of times it needs to be published and the newspaper in which the publication is placed. Therefore, these costs are unknown.

Municipalities must revise their ordinances, at least every five years by state law, to eliminate “redundant, obsolete, inconsistent, and invalid provisions.” The cost of this mandate would be less if the repeal or revision were done in conjunction with this periodic updating of ordinances.

According to Harp Enterprises, a vendor that provides electronic voting machines to 96 Kentucky counties, there are additional programming costs associated with adding a new category to the ballot on an already scheduled statewide election as well as a special election. For example, the cost to add a new category to the ballot for Lexington-Fayette Urban County Government, with 291 precincts, has recently been estimated at between \$3,500 and \$4,500, and for Franklin County, with 44 precincts, the cost has been estimated at between \$1,700 and \$2,500.

Part III: Differences to Local Government Mandate Statement from Prior Versions

SB 99 SCS 1 retains the original provisions of the SB 99 as introduced and makes the following additions:

- Adds a new Section of KRS Chapter 242 to provide for local option elections on the sale of alcoholic beverages by a microbrewery in the territory (inclusive of all

- forms of local government) where a microbrewery is located or proposed. SCS 1 provides language for the petition seeking a local option election.
- Allows for the serving of complimentary samples of malt beverages not to exceed 16 ounces and for the sale and consumption of malt beverages by the drink without restriction provided that the microbrewery is located in a wet territory or precinct.

The fiscal impact of SB 99 SCS 1 remains the same as SB 99 as introduced.

Data Source(s): LRC Staff; Kentucky Distillers Association

Preparer: Wendell F. Butler **Reviewer:** KHC **Date:** 1/29/20