

ORDINANCE NO. 085 - 2025

AN ORDINANCE AMENDING ARTICLES 8-17(B) AND (C) AND ARTICLES 8-19(B) AND (D) OF THE LEXINGTON-FAYETTE URBAN COUNTY ZONING ORDINANCE, RELATING TO DOWNTOWN BUSINESS ZONES, TO DESIGNATE MICRO-DISTILLERIES AS PRINCIPAL USES AND CONDITIONAL USES IN THE B-2 ZONES.

WHEREAS, the Lexington-Fayette Urban County Planning Commission considered at a public hearing on August 28, 2025 a text amendment to Articles 8-17(b) and (c) and Articles 8-19(b) and (d) of the Lexington-Fayette Urban County Zoning Ordinance, relating to Downtown Business zones, to designate micro-distilleries as principal uses and conditional uses in the B-2 zones; said Commission recommending approval of the staff alternative text amendment by a vote of 8-0; and

WHEREAS, this Council agrees with the recommendation of the Planning Commission; and

WHEREAS, the recommendation of the Planning Commission is attached hereto and incorporated by reference herein.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT:

Section 1 – That Article 8-17(b) of the Lexington-Fayette Urban County Zoning Ordinance be and hereby is amended to add subsection 20(a), (b) and (c), to read as follows:

Article 8-17: Downtown Business (B-2) Zone

[...]

(b) Principal Uses. (Other uses substantially similar to those listed herein shall also be deemed permitted.)

[...]

20. Micro-distilleries subject to the following requirements:

- a. Production shall be limited to ten thousand (10,000) gallons of distillate annually;
- b. Distilling operations shall occur within a structure; and
- c. There shall be an associated retail component or eating and drinking establishment.

Section 2 – That Article 8-17(c) of the Lexington-Fayette Urban County Zoning Ordinance be and hereby is amended to add subsection 11, to read as follows:

Article 8-17: Downtown Business (B-2) Zone

[...]

(c) Conditional Uses. (Permitted only with Board of Adjustment approval.)

[...]

11. Micro-distillery, including all activities permitted in KRS 243.0305 and 243.035, without limitation, sampling, souvenir package sales, retail drink sales, and bottling.

Section 3 – That Article 8-19(b) of the Lexington-Fayette Urban County Zoning Ordinance be and hereby is amended to add subsection 32(a), (b), and (c), to read as follows:

Sec. 8-19 Lexington Center Business (B-2B) Zone.

[...]

(b) Principal Uses. (Other uses substantially similar to those listed herein shall also be deemed permitted.)

[...]

32. Micro-distilleries subject to the following requirements:

- a. Production shall be limited to ten thousand (10,000) gallons of distillate annually;
- b. Distilling operations shall occur within a structure; and
- c. There shall be an associated retail component or eating and drinking establishment.

Section 4 – That Article 8-19(d) of the Lexington-Fayette Urban County Zoning Ordinance be and hereby is amended to add subsection 14, to read as follows:

Sec. 8-19 Lexington Center Business (B-2B) Zone.

[...]

(d) Conditional Uses (Permitted only with Board of Adjustment approval)

[...]

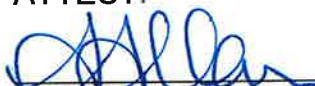
14. Micro-distillery, including all activities permitted in KRS 243.0305 and 243.035, without limitation, sampling, souvenir package sales, retail drink sales, and bottling.

Section 5 – That this Ordinance shall become effective on the date of its passage.

PASSED URBAN COUNTY COUNCIL: October 23, 2025


MAYOR

ATTEST:


CLERK OF URBAN COUNTY COUNCIL

PUBLISHED: October 31, 2025-1t
0935-25:TWJ:4926-2296-0238, v. 1

Rec'd by _____

Date: _____

RECOMMENDATION OF THE
URBAN COUNTY PLANNING COMMISSION
OF LEXINGTON AND FAYETTE COUNTY, KENTUCKY

IN RE: PLN-ZOTA-25-00006: MICRO-DISTILLERY IN THE DOWNTOWN BUSINESS (B-2) ZONE – a text amendment to modify the Downtown Business (B-2) zone to allow micro-distilleries.

Having considered the above matter on **August 28, 2025**, at a Public Hearing, and having voted **8-0** that this Recommendation be submitted to the Lexington-Fayette Urban County Council, the Urban County Planning Commission does hereby recommend **APPROVAL OF THE STAFF ALTERNATIVE** of this matter for the following reasons:

1. The proposed text amendment allows micro-distilleries as a principal use in the Downtown Business (B-2) zone with restrictions. Allowing such diversification of the downtown economy can:
 - a. Create jobs in production, retail, and tourism.
 - b. Attract visitors and residents, increase foot traffic and benefit nearby businesses.
 - c. Encourage investment in underutilized or vacant properties.
2. Allowing micro-distilleries with the proposed restrictions to the Downtown Center Business (B-2B) zone would enhance the vibrant, mixed-use downtown environment that attracts residents and visitors.
3. Adding Class B (craft) distillery as defined in KRS 243.120 to the list of conditional uses in the Downtown Business (B-2) zone would give producers the flexibility to expand while providing an additional level of scrutiny to protect neighboring uses.
4. The proposal meets several Goals and Objectives of the Comprehensive Plan relating to tourism, small business development, and the strengthening of the downtown core.

ATTEST: This 26th day of September 2025.


Secretary, Jim Duncan

LARRY FORESTER
CHAIR

At the Public Hearing before the Urban County Planning Commission, this petitioner was represented by **Jon Woodall, attorney for the applicant.**

OBJECTORS

OBJECTIONS

VOTES WERE AS FOLLOWS:

AYES:	(8)	M. Davis, Z. Davis, Barksdale, Forester, Nicol, Owens, Wilson, and Worth
NAYS:	(0)	
ABSENT:	(3)	J. Davis, Michler, and Nicol
ABSTAINED:	(0)	
DISQUALIFIED:	(0)	

July 7, 2025

Via Hand Delivery

Lexington-Fayette Urban County Planning Commission
200 East Main Street
Lexington, Kentucky 40507

**RE: Zoning Ordinance Text Amendment
Amendment to the Permitted Uses in Downtown Business (B-2) Zone**

Dear Commissioners:

Please be advised that I represent New Era Whiskey & Spirits, LLC ("New Era"). My client proposes a text amendment to the Zoning Ordinance adding micro-distilleries as a Principal Use for the Downtown Business (B-2) Zone. The intent of this text amendment is to allow for economic growth through tourism opportunities in an industry that is deeply rooted in Kentucky and, specifically, Lexington.

New Era is a company founded in Kentucky, with a mission to "celebrate the long history of Kentucky and redefine the Bourbon experience." New Era currently operates a store in Downtown Lexington that seeks to provide a welcoming atmosphere for both bourbon enthusiasts and newcomers. New Era met with planning staff to discuss the opportunity of operating a micro-distillery in Downtown Lexington. Planning Staff suggested that New Era proceed with requesting a Zone Text Amendment to allow for Micro-distilleries to be a permitted use within the B-2 Zone. As such, New Era is submitting this proposed text amendment.

I. Proposed Text

Section 8-16 of the Zoning Ordinance allows for Micro-distilleries as a Conditional Use in the Neighborhood Business (B-1) Zone. As such, it is logical that as the zone steps up to B-2, and beyond, that micro-distilleries could operate as a permitted use. From discussion with Planning Staff, and review of the already allowable use of a micro-distillery in our neighborhood zone, New Era proposes adding Micro-distilleries as an additional permitted use in the B-2 Zone. The following language would be added to Section 8-17(b), and would be a new subsection 20:

20. Micro-distilleries subject to the following requirements:
- a. Production shall be limited to ten thousand (10,000) gallons of distillate annually;
 - b. Distilling operations shall occur within a structure; and
 - c. There shall be an associated retail component or eating and drinking establishment.

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We submit that this proposal comports with the goals and objectives articulated in Theme C of the Comprehensive Plan.

Goal 1: Support and Showcase Local Assets to Further the Creation of a Variety of Jobs

The proposed text amendment will assist in creating additional jobs with a variety of opportunities, it would allow for growth in tourism and agritourism that Lexington has to offer. It undeniable that many of the bourbon trail visitors stay in Lexington and then commute out of town to other distilleries. The applicant is hopeful that fostering downtown distilling operations will keep those visitors and tourists in Lexington for the length of their stay.

Goal 2: Attract a Wide Array of Employment Opportunities

The proposed text amendment would provide opportunities for new small businesses and would allow for additional entertainment opportunities. Not only would this encourage tourism, but it would also create additional jobs opportunities with diverse skill sets.

Theme D – Improving a Desirable Community

We further submit that this proposal comports with the goals and objectives articulated in Theme D of the Comprehensive Plan.

Goal 1: Work to Achieve an Effective & Comprehensive Transportation System

The proposed text amendment would allow Mico-distilleries to be developed in Downtown Lexington, which would encourage and allow for pedestrians to walk through the downtown area between local shops, restaurants, bars, and tourism locations. This would further the goal of expanding walkability.

Goal 3: Protect and Enhance Lexington's Unique Identity

This goal seeks to enhance the natural and cultural landscapes that give Lexington its unique identity and image. The proposed text amendment would allow for the Lexington's history with bourbon to be further highlighted within the downtown area. It would also allow for the opportunity to restore and renovate historical buildings for new uses to highlight the history Lexington has to offer.

IV. Conclusion

In sum, we submit that proposed Zoning Text Amendment is consistent with the Comprehensive Plan and that this use fits seamlessly into the downtown framework. We

AMENDMENT TO ZONING ORDINANCE

Sec. 8-17. - Downtown Business (B-2) Zone.

(a) Intent. The intent of this zone is to accommodate existing and future development in the downtown core area. The zone is a specialized district for the location of high density residential and high intensity commercial and mixed-use developments. This zone recognizes the downtown core as the focal point of business, recreation, and transportation facilities and activities for Lexington. Development within this zone should coordinate with adopted plans and studies, including corridor studies and streetscape plans. This zone should be located and developed within the Downtown Place-Type and should be established in accordance with the Goals, Objectives, Policies, and Development Criteria of the Comprehensive Plan.

(b) Principal Uses. (Other uses substantially similar to those listed herein shall also be deemed permitted.)

1. The principal permitted uses in the B-1 zone.
2. Amusement enterprises, such as indoor billiard or pool halls; indoor theaters; bowling alleys; dance halls; skating rinks.
3. Restaurants, cocktail lounges and nightclubs, with entertainment, dancing or the sale of alcoholic beverages.
4. Establishments for the display, rental, or sale of automobiles, motorcycles, trucks not exceeding one and one-half (1½) tons, and boats limited to runabout boats, provided that the outdoor display or storage of vehicles shall conform to the requirements of Article 16.
5. Establishments engaged in blueprinting, printing, publishing and lithographing; interior decorating; upholstering; laundering, clothes cleaning and dyeing; clothing alterations and tailoring services.
6. Hotels and motels.
7. Passenger transportation terminals.
8. Any type of dwelling unit.
9. Wholesale establishments.
10. Minor automobile and truck repair.
11. Establishments primarily engaged in the sale of supplies and parts for vehicles and farm equipment.
12. Pawnshops.
13. Stadium and exhibition halls.
14. Telephone exchanges; radio and television studios.
15. Cable television system signal distribution centers and studios.
16. Athletic club facilities.
17. Adult arcades, massage parlors, adult bookstores, adult video stores, adult cabarets, adult dancing establishments, adult entertainment establishments, and sexual entertainment centers, provided that none shall be located within a 500-foot radius of any agricultural or residential zone, any elementary or secondary school, any park attended by persons under eighteen (18) years of age, or within a 1,000-foot radius of any other similarly regulated adult business.
18. Parking lots and structures, provided such use conforms to the conditions of Article 16.
19. Hosted or Un-Hosted Short Term Rentals, as regulated in Section 3-13 of the Zoning Ordinance.

- e. To remove trash from the site;
- f. To monitor the general condition of the site.
- 6. Rehabilitation homes, when located closer than five hundred (500) feet from a residential zone, school for academic instruction or a childcare center.
- 7. Temporary structures designed for use or occupancy for sixty-one (61) to one hundred eighty (180) days per 12-month period on a single property, calculating said period by cumulative consideration of the use of any and all such structures on a single property.
- 8. Circuses, provided all structures are located not less than two hundred (200) feet from any residential zone; and further provided that all structures for housing animals shall be two hundred (200) feet from any residential zone, residential use, school, hospital, nursing home or rest home. A circus may not displace more than twenty-five percent (25%) of the minimum required parking for the site it occupies.
- 9. Automobile and vehicle refueling stations, provided such use conforms to all requirements of Article 16.
- 10. Ecotourism activities to include commercial hiking, bicycling, equine and zip line trails; tree canopy tours; canoeing and kayaking launch sites; fishing clubs; botanical gardens; nature preserves; and seasonal activities.

(e) Prohibited Uses. (All uses other than those listed as principal, accessory, or conditional uses or substantially similar to principal, accessory, or conditional uses shall be prohibited. The uses below are provided for illustration purposes and for the purpose of limiting permitted uses, and are not intended to be a total listing of all the uses that are prohibited.)

- 1. The prohibited uses in the B-1 zone, items 1 through 7 (Section 8-16(e)1 through 7), except as permitted herein.
- 2. Outdoor kennels or outdoor animal runs.
- 3. Establishments engaged in the display, rental, or repair of farm equipment, trucks exceeding one and one-half (1½) tons, and contractor's equipment.
- 4. The above- or below-ground storage of any flammable material in gaseous form, including compressed natural gas.
- 5. Hospitals.
- 6. Campgrounds and hunting clubs.
- 7. Farm tours, hayrides, corm mazes, outdoor rodeos, riding stables, horse shows, fishing lakes, hunting or trapping, sportsmen's farms, zoological gardens and classes related to agricultural products or skills.
- 8. Medicinal cannabis cultivators, processors, producers and safety compliance facilities.

Lot, Yard, and Height Requirements. (See Articles 3 and 15 for additional regulations.)

- (f) Minimum Lot Size. No limitation.
 - (g) Minimum Lot Frontage. No limitation.
 - (h) Minimum Front Yard. No limitation.
 - (i) Minimum Each Side Yard. No limitation.
 - (j) Minimum Rear Yard. No limitation.
 - (k) Minimum Open Space. See Article 20 for open space regulations.
 - (l) Maximum Lot Coverage. No limitation.
 - (m) Maximum Height of Building. No limitation.
 - (n) Off-Street Parking. (See Articles 16 and 18 for additional parking regulations.)
- No minimum requirements.

Sec. 8-17. - Downtown Business (B-2) Zone.

(b) *Principal Uses.* (Other uses substantially similar to those listed herein shall also be deemed permitted.)

20. Micro-distilleries subject to the following requirements:

- a. Production shall be limited to ten thousand (10,000) gallons of distillate annually;
- b. Distilling operations shall occur within a structure; and
- c. There shall be an associated retail component or eating and drinking establishment.

(c) *Conditional Uses.* (Permitted only with Board of Adjustment approval.)

11. Micro-distillery, including all activities permitted in KRS 243.0305 and 243.035, without limitation, sampling, souvenir package sales, retail drink sales, and bottling.



STAFF REPORT ON PETITION FOR ZONING ORDINANCE TEXT AMENDMENT

PLN-ZOTA-25-00006: ADDING MICRO-DISTILLERY AS PRINCIPAL USE IN THE DOWNTOWN BUSINESS (B-2) ZONE

APPLICANT: NEW ERA WHISKEY & SPIRITS, LLC
PROPOSED TEXT: SEE ATTACHED (Note: **Red** text indicates an addition to the existing Zoning Ordinance; **Blue** text indicates staff alternative text; text ~~stricken through~~ indicates a deletion)

STAFF REVIEW:

New Era Whiskey & Spirits, LLC of Jessamine County, Kentucky is requesting a text amendment to allow micro-distilleries to operate as a principally permitted use in the Downtown Business (B-2) zone.

The intent of the B-2 zone is to accommodate existing and future development in the downtown core area. The zone is a specialized district for the location of high density residential and high intensity commercial and mixed-use developments. This zone recognizes the downtown core as the focal point of business, recreation, and transportation facilities and activities for Lexington. Development within this zone should coordinate with adopted plans and studies, including corridor studies and streetscape plans. This zone should be located and developed within the Downtown Place-Type and should be established in accordance with the Goals, Objectives, Policies, and Development Criteria of the Comprehensive Plan.

Currently, distilleries are permitted as either principal or conditional uses in the following zones:

Principal:

1. Economic Development (ED) zone
2. Heavy Industrial (I-2) zone
3. Light Industrial (I-1) zone – The Light Industrial zone allows Class B (craft) distilleries as defined by KRS 243.120.

Conditional:

1. Agricultural Rural (A-R) zone – Allows a distillery associated with an existing small farm winery and located on an active farm that produces less than 1,000 gallons of distilled spirit annually, and operated under a Class B License as defined in KRS 243.120. The small farm micro-distillery must include at least one agricultural resource grown on the property (e.g., grapes, corn rye, wheat) as a component of the product produced by the distillery. The small farm micro-distillery may include all accessory activities as permitted in KRS 243.0305 and 243.035, without limitation. Such uses include product sampling, souvenir package sales, retail drink sale, and bottling.
2. Corridor Node (CN) zone – The Corridor Node zone is limited to a micro-distillery.
3. Neighborhood Business (B-1) zone – The Neighborhood Business zone is limited to micro-distilleries subject to the following requirements:
 - a. Production shall be limited to ten thousand (10,000) gallons of distillate annually;





**SUPPLEMENTARY STAFF REPORT ON PETITION FOR ZONING ORDINANCE TEXT
AMENDMENT**

**PLN-ZOTA-25-00006: MICRO-DISTILLERY AS PRINCIPAL USE IN THE DOWNTOWN
BUSINESS (B-2) ZONE**

APPLICANT: NEW ERA WHISKEY & SPIRITS, LLC
PROPOSED TEXT: SEE ATTACHED (Note: **Red** text indicates an addition to the existing Zoning Ordinance; **Blue** text indicates staff alternative text; text stricken through indicates a deletion)

STAFF REVIEW

Staff's initial recommendation for postponement was based on the need to gather additional information concerning the potential impacts of permitting micro-distillery operations in the Downtown Business (B-2) zone. After further review, staff is confident that micro-distilleries with the proposed limitations would integrate well with existing downtown uses without disrupting residential or commercial neighbors. With a production cap of 10,000 gallons annually, these distilleries operate on a small footprint and typically generate minimal noise, traffic, and waste as well as require limited utility usage compared to larger industrial operations. Recently, a definition of micro-distillery was added to the Zoning Ordinance as part of Ordinance No. 036-2025 passed by the Urban County Council in June of 2025. The Zoning Ordinance definition is as follows:

Micro-distillery means a distillery that produces fifty thousand (50,000) gallons or less of distilled spirits per calendar year and operated under a Class B License as defined by KRS 243.120.

STAFF ALTERNATIVE TEXT PROPOSAL

The applicant's initial language did not provide an avenue for future growth or expansion past the 10,000-gallon limit they proposed. For some areas of downtown, distilleries that exceed the 10,000-gallon limit restriction could be appropriate. Adding Micro-distillery without restrictions as a conditional use in the Downtown Business (B-2) zone would provide a path to allow distilleries with higher production (up to 50,000 gallons annually), while also requiring the use be evaluated by the Board of Adjustment to ensure that a larger operation would not negatively impact the surrounding areas.

Permitting micro-distilleries in the Downtown Business (B-2) zone would, by default, allow them in the Downtown Frame Business (B-2A) as the two zones share principal uses. Although this interconnectivity of principal uses does not apply to the Downtown Center Business (B-2B) zone, micro-distilleries contribute to the unique character of a downtown area, aligning with trends in experiential tourism and local craftsmanship. Adding micro-distilleries to this zone, which includes





Staff's alternative text that there needs to be a mechanism to allow an applicant to ask for more than the initial 10,000 gallon limit and stated he could answer any questions from the Planning Commission.

Commission Comments and Questions – Mr. Penn asked why the applicant was calling the distilled spirit whiskey and not bourbon. Mr. Charlie Curtz, applicant, stated that there will be production of rye whiskey as well as bourbon.

Mr. Penn asked if they intended to distill whiskey on the premises and if there would be a smell associated with the distillation. Mr. Curtz stated that the state requires them to distill 600 wine gallons a year at the facility through the still that is onsite and that there is no smell associated with this process since there is no fermentation at this site.

Public Comment – Brian Luftman, Co-Founder of Never Say Die Bourbon, stated his support for this text amendment so Lexington can be a part of the bourbon tourism that comes to the state.

Nick Nicholson, stated his support for this text amendment, and mentioned his experience in dealing with Whiskey Row in Louisville and how successful it has become.

Casey Mather, speaking for the Northside Neighborhood Association, was supportive of the text amendment, but noted the neighborhood's concerns regarding potential fire safety and mold.

Action – A motion was made by Mr. Larry Forester and seconded by Mr. Mike Owens, and carried 8-0 (J. Davis, Michler and Nicol absent) to approve PLN-ZOTA-25-00006: MICRO-DISTILLERY IN THE DOWNTOWN BUSINESS (B-2) ZONE with the Staff alternative language.