

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Blanca Rubio, Chair

AB 2211 (Hoover) – As Introduced February 19, 2026

SUBJECT: Craft distilled spirits manufacturers: licenses and fees.

SUMMARY: This bill would allow a craft distiller to sell distilled spirits to consumers and engage in tasting activities at no more than two licensed branch premises. **Specifically, this bill:**

- 1) Prohibit a craft distiller from selling distilled spirits to consumers or engaging in tasting activities at more than two licensed branch premises.
- 2) States a “licensed premises” includes any branch premises located away from the licensed craft distiller’s place of production or manufacturer for which a duplicate license has been issued by the Department of Alcoholic of Beverage Control (ABC).
- 3) Specifies a fee of \$755 for a duplicate craft distilled spirits manufacturer license.

EXISTING LAW:

- 1) Establishes ABC and grants it exclusive authority to administer the provisions of the Alcoholic of Beverage Control Act (Act) in accordance with laws enacted by the Legislature. This involves licensing individuals and businesses associated with the manufacture, importation, and sale of alcoholic beverages and the collection of license fees for this purpose.
- 2) Provides, under the Act, for the issuance of various alcoholic beverage licenses, including the imposition of fees, conditions, and restrictions in connection with the issuance of those licenses.
- 3) Separates the alcoholic beverage industry into three separate component parts, or tiers, of the manufacturer (including, breweries, and distilleries), wholesaler/distributor, and retailer. This is referred to as the “tied-house” law or “three-tier” system.
- 4) Creates the craft distillers license, which, among other things, authorizes the licensee to produce up to 150,000 gallons of distilled spirits per year and sell up to 4.5 liters per day of distilled spirits directly to a consumer at the licensee’s licensed premises.
- 5) Creates the distilled spirits manufacturer’s license, which allows a licensee to manufacture, produce, package, mix, flavor, color, label, and export distilled spirits.
- 6) Allows, until January 1, 2027, a licensed craft distiller, or a qualifying out-of-state distiller to directly ship distilled spirits manufactured by the licensee to a consumer in California, as specified.
- 7) Authorizes a licensed craft distiller to sell all beers, wines, brandies, or distilled spirits to consumers for consumption on the premises in a bona fide eating place, as defined, located on the licensed premises, or on premises owned by the licensee, that are contiguous licensed premises and are operated by and for the licensee, as specified.

8) Authorizes a licensed winegrower or brandy manufacturer to operate an additional offsite tasting room, thus allowing each licensee a total of two offsite tasting rooms.

FISCAL EFFECT: This bill is keyed fiscal by Legislative Counsel.

COMMENTS:

Purpose of the bill. According to the author’s office, “California leads the nation with nearly 200 craft distilleries, employing thousands of Californians. These are family-owned small businesses that contribute to job growth in local agriculture, restaurants, and tourism. Given that distilleries face constraints in their opportunities to reach consumers outside of their facilities, they need more flexibility to meet the demand of customers. This bill offers a critical lifeline to California’s craft distillers, while respecting consumer choice and appropriate oversight. This will help California craft distillers generate more revenue, create jobs and thrive as small businesses in our communities.”

What problem does this bill solve? According to information provided by the author’s office, “This measure is intended to allow a California craft distiller the right to operate satellite tasting room, separate from the craft distiller’s place of production and manufacture. Currently, craft distillers are limited to reaching consumers across California due to only being allowed to operate one branch/office/premises, at the craft distiller’s place of production. The restrictions on craft distillers are incongruent with the ability for consumers to visit multiple locations, or satellite tasting rooms, of wineries or craft breweries. This bill opens new economic opportunities while simply conforming to the privileges already allowed for other alcohol manufacturers licensed by the ABC.”

Background.

In 2015, California enacted AB 1295 (Levine), Chapter 640, creating the Type 74 Craft Distiller License. Ten years later, the state now leads the nation with nearly 200 craft distilleries, generating an estimated \$26 million annually in sales tax and more than \$8 million in excise tax. These distilleries have built strong community ties by partnering with local farmers, restaurants, and tourism businesses, contributing to economic growth across California.

Despite this success, craft distillers are unable to meet growing consumer demand at their facilities due to a 4.5-liter per-person, per-day sales cap—the equivalent of six bottles. No similar limits apply to manufacturers of other alcoholic beverages, such as wineries and craft breweries, nor to retailers like grocery stores, which may sell unlimited quantities of distilled spirits. At the same time, consolidation in the distribution sector has reduced opportunities for craft distillers to place products in stores. The future of direct-to-consumer shipping is also uncertain, with the current authorization set to sunset on January 1, 2027, posing a significant threat to revenue.

AB 1246 would give California craft distillers the same opportunities enjoyed by wineries and craft breweries by allowing them to operate two off-site tasting rooms. With distilleries currently constrained in how they can reach consumers beyond their primary locations, this added flexibility would help them meet visitor demand and expand their market presence. By strengthening sales channels for craft distillers, AB 1246 would support continued industry growth while generating additional revenue for state and local governments.

Tied-House Laws. The “tied-house” or “three-tier” system separates the alcoholic beverage industry into three distinct tiers: manufacturers (first tier), wholesalers (second tier), and retailers (third tier). At its core, this regulatory framework is designed to maintain a clear division between those who produce, distribute, and sell alcoholic beverages.

The original policy rationale for this body of law was to: (1) promote the state's interest in an orderly market; (2) prohibit the vertical integration and dominance by a single producer in the marketplace; (3) prohibit commercial bribery and protect the public from predatory marketing practices; and, (4) discourage and/or prevent the intemperate use of alcoholic beverages.

Under a strict “three-tier” system, manufacturers would have no privilege to sell alcoholic beverages directly to consumers. Over time, however, the Legislature has expanded manufacturers’ privileges to include, among other things, the ability to sell alcoholic beverages directly to consumers. Some manufacturers—such as winegrowers—now enjoy not only the ability to sell directly to consumers at their licensed premises, but also the ability to ship directly to consumers. Craft distillers, by contrast, remain far more limited. Although a one-year exemption (until January 1, 2027) temporarily relaxes the prohibition, craft distillers are currently authorized to sell directly to consumers only through a direct shipper permit, which is required for shipping spirits directly to California consumers, as specified.

In support. According to the Craft Distillers Association, “This measure provides much-needed parity by allowing craft distillers to operate satellite tasting rooms, similar to privileges already granted to wineries and craft breweries. AB 2211 addresses a significant limitation currently facing craft distillers, who are restricted to a single premises tied to their production facility. Many distilleries are located in industrial areas that are not conducive to public visitation, limiting their ability to connect with consumers and grow their brands. By authorizing satellite tasting rooms, this bill will expand consumer access, support small business growth, and enhance local economic development across the state.”

Prior legislation. AB 1246 (Hoover), Chapter 295, Statutes of 2025. This bill allowed, until January 1, 2027, a licensed craft distiller, or a qualifying out-of-state distiller to directly ship distilled spirits manufactured by the licensee to a consumer in California. Additionally, this bill allows California’s craft distillers to increase the number of liters that can be sold at their tasting rooms from 2.25 to 4.5 liters per day per consumer.

AB 720 (Rogers), Chapter 562, Statutes of 2025. Authorized a licensed winegrower to apply for, and for the ABC to issue an estate tasting event permit (Type 93) that would allow the licensee to exercise its tasting room privileges at either a property adjacent to the licensed premises or a nonadjacent vineyard that is owned by the licensee, as specified. Finally, the bill clarified that the holder of a winegrower's license and a brandy manufacturer's license for the same premises, where one license is a master license and the other is a branch license, to store, age, conduct brandy tastings, and engage in sales for off-premises consumption, as specified.

AB 2174 (Aguiar-Curry), Chapter 308, Statutes of 2024. Allowed a licensed beer manufacturer to apply for, and the ABC to issue, a beer caterer's permit, which would allow the licensed beer manufacturer to sell beer manufactured by the licensee at specified locations and events, as specified.

SB 19 (Glazer), Chapter 274, Statutes of 2021. Authorized winegrowers and brandy manufacturers to operate up to two off-site retail or winetasting outlets by increasing the number of duplicate licenses they are authorized from one to two. The bill also established a \$440 application fee for a duplicate winegrower license.

AB 1649 (Chesbro), Chapter 129, Statutes of 2010. Allowed licensed winegrowers to produce spirits of wine under specified conditions without having to additionally obtain a distilled spirits manufacturer's license.

REGISTERED SUPPORT / OPPOSITION:

Support

California Distillers Association

Opposition

None on file

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