

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.

This bill is sponsored by the California Distillers Association.

- 2) **Background. *Tied-house Law.*** California's tied-house law prevents the vertical integration of the alcohol industry by keeping the manufacturer, wholesaler and retailer separated. Generally, one type of license holder is not permitted to do business as another type of licensee, absent an exemption to tied-house law.

Craft Distillers. AB 1295 (Levine), Chapter 640, Statutes of 2015, created the craft distillers license (Type 74), which allowed a licensee to manufacture and sell specified amounts of distilled spirits per year directly to a consumer attending an on-premises tasting. Although a consumer is no longer required to participate in a tasting prior to making a purchase, existing law specifies the sale must be made directly to a consumer at the licensed premises, thus prohibiting a licensee from shipping distilled spirits to the consumer. AB 1246 (Hoover), Chapter 295, Statutes of 2025, doubled the quantity of pre-packaged spirits a licensed craft distiller may sell at the licensee's premises from 2.25 liters to 4.5 liters per consumer per day. This bill allows a craft distiller to provide tastings and sell distilled spirits to a consumer at a second licensed branch premises.

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