

ASSEMBLY THIRD READING
AB 2211 (Hoover)
As Introduced February 19, 2026
Majority vote

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.

Major Provisions

- 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) Sets a fee of \$755 for a duplicate craft distilled spirits manufacturer license.

COMMENTS

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.

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, the 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.

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.

According to the Author

According to the author, "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."

Arguments 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."

Arguments in Opposition

None on file

FISCAL COMMENTS

According to the Assembly Committee on Appropriations analysis, "Absorbable costs to ABC to license and provide enforcement for additional craft distiller branches where a distiller may sell spirits and offer tastings to a consumer, offset by new license fee revenues. ABC notes that there

are only approximately 200 craft distillers in the state. Although each craft distiller would be eligible to receive a duplicate license and ABC does not know how many will utilize this new authorization, ABC assumes the number of applications will be on the low end and spread out slowly across any given fiscal year. Thus, although it is possible for ABC to receive additional license and application fee revenues in excess of \$150,000 as a result of this bill, it is unlikely. This committee sees a wide array of bills that propose to modify the scope of alcohol laws.

Generally, the majority of proposals do not generate significant new workload for ABC, but taken together, these proposals could lead to significant new costs and future budget requests. In this case, however, the proposed expansion of licensee privileges is relatively minor in scope, given the smaller size of the craft distiller industry."

VOTES

ASM GOVERNMENTAL ORGANIZATION: 22-0-0

YES: Blanca Rubio, Davies, Alvarez, Berman, Bryan, Carrillo, Dixon, Fong, Gabriel, Gallagher, Gipson, Macedo, McKinnor, Nguyen, Pacheco, Ramos, Michelle Rodriguez, Solache, Soria, Ta, Valencia, Wallis

ASM APPROPRIATIONS: 14-0-1

YES: Wicks, Hoover, Aguiar-Curry, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

ABS, ABST OR NV: Arambula

UPDATED

VERSION: February 19, 2026

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FN: 0002492