
SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

Senator Susan Rubio

Chair

2025 - 2026 Regular

Bill No: AB 2211 **Hearing Date:** 6/23/2026
Author: Hoover
Version: 6/17/2026 Amended
Urgency: No **Fiscal:** Yes
Consultant: Felipe Lopez

SUBJECT: Craft distilled spirits manufacturers: licenses and fees

DIGEST: This bill allows a craft distiller to operate two off-site tasting rooms under its craft distillers license.

ANALYSIS:

Existing law:

- 1) Establishes the Department of Alcoholic Beverage Control (ABC) and grants it exclusive authority to administer the provisions of the ABC 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 ABC 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) Authorizes, until January 1, 2027, a licensed craft distiller, or a qualifying out-of-state distiller to directly ship distilled spirits manufactured or produced by the licensee at its premises to a consumer only if they comply with the following requirements:
 - a) The amount shipped does not exceed the equivalent of 2.25 liters and is solely for the consumer's personal use.
 - b) The licensee maintains adequate records of the shipments and provides those records to the Department of ABC upon request.
 - c) The licensee requires the common carrier to obtain the signature of any individual 21 years of age or older before delivering any distilled spirits shipped to an individual in this state.
 - d) The container in which the distilled spirits are shipped be conspicuously labeled with the words: "CONTAINS ALCOHOL: SIGNATURE OF PERSONS AGE 21 YEARS OR OLDER REQUIRED FOR DELIVERY."
- 7) Authorizes a licensed winegrower or brandy manufacturer to engage in wine tasting activities at two licensed branch premises.
- 8) Authorizes beer manufacturers to sell any alcoholic beverages to consumers for consumption on or off the licensed premises, or provide authorized tastings to consumers, at up to eight branch locations, as specified. A beer manufacturer licensee is not eligible to receive a seventh or an eight duplicate license until it has held a sixth duplicate license for a minimum of one year.

This bill:

- 1) Allows a craft distiller to sell distilled spirits to a consumer and engage in tasting activities at no more than two licensed branch premises.
- 2) Provides that 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 ABC.
- 3) Authorizes a craft distiller to purchase and use common alcohol modifiers of vermouth, amaro, bitters, and liqueurs to combine with distilled spirits for consumption on its premises. A craft distiller that uses an alcohol modifier shall combine the modifier with a distilled spirit produced by the manufacturer.

Background

Author Statement. According to the author's office, "California leads the nation with nearly 200 craft distillers, employing thousands of Californians. These are family-owned small businesses that contribute to job growth in local agriculture, restaurants, and tourism. Given that distillers' 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."

California's Craft Distillers. Prior to the establishment of the craft distiller license in 2015, no distilled spirits manufacturer held the privilege of selling distilled spirits directly to consumers. That year, AB 1295 (Levine, Chapter 640, Statutes of 2015) created the craft distiller license, which, among other things, authorized licensees to manufacture up to 100,000 gallons of distilled spirits annually and to sell up to 2.25 liters directly to a consumer who attended a tasting at the licensed premises. Subsequent legislation has increased the annual manufacturing cap to 150,000 gallons and the per-consumer, per-day sales limit to 4.5 liters — equivalent to approximately six standard 750-milliliter bottles.

Ten years after the creation of the craft distiller license, California leads the nation with approximately 200 licensed craft distillers. According to information provided by the author, the industry generates an estimated \$26 million in sales tax and more than \$8 million in excise tax annually. The sector also supports job growth across multiple industries — including agriculture, restaurants, and travel and tourism — with California craft distillers maintaining partnerships with local farmers, restaurants, and tourism operators that strengthen regional economies statewide.

Despite this success, supporters of the bill argue that craft distillers remain unable to meet growing consumer demand at their facilities due to the 4.5-liter per-person, per-day sales cap. No comparable limit applies to manufacturers of other alcoholic beverages, such as wineries and craft breweries, nor to retailers such as grocery stores, which may sell unlimited quantities of distilled spirits. Compounding this disparity, consolidation within the distribution sector has narrowed the pathways available for craft distillers to place their products in retail outlets. The future of direct-to-consumer shipping remains uncertain as well, with current authorization set to sunset on January 1, 2027 — posing a significant threat to an important revenue stream.

AB 1246 would afford California craft distillers the same opportunities currently enjoyed by wineries and craft breweries by authorizing the operation of up to two off-site tasting rooms. Under current law, a craft distiller is only authorized to sell distilled spirits to consumers at its licensed premises. This bill would change that by prohibiting a craft distiller from selling distilled spirits to consumers and engaging in tasting activities at no more than two licensed branch premises. The licensee would be required to follow any local permitting regulations.

Alcohol Duplicative Licenses. In alcohol beverage regulation, a duplicative license is an additional license issued to the same licensee that authorizes the same privileges as the original license but at a different location. The concept is straightforward: rather than applying for an entirely new, independent license, a licensee holding a primary license may obtain a duplicative license to exercise the same privileges at a second location. The duplicate is tied to and dependent on the primary license, meaning that if the primary license is suspended or revoked, the duplicate license is affected as well.

In California, several license types already have the ability to obtain duplicative licenses. Wineries, for example, can obtain two duplicate Type 02 licenses to operate off-site tasting rooms – the same model that this bill proposes to extend to craft distillers. The duplicative license allows an existing licensee to expand consumer access without navigating the full new-license application process.

It is worth noting what a duplicative license is not. It is distinct from a separate, independent licensee of the same type held by the same person at a different location, and it differs from a license transfer, or a premises-to-premises move. In the context of AB 1246, authorizing craft distillers to obtain duplicative licenses for off-site tasting rooms would bring them into parity with how wineries currently expand their direct-to-consumer footprint under California law. Of note, beer manufacturers are authorized to sell alcoholic beverages to consumers for consumption on or off the licensed premises, or provide authorized tastings to consumers, at eight branch locations.

Alcohol Modifiers. Alcohol modifiers are secondary ingredients added to the base spirits (like vodka, gin, or whiskey) to enhance flavors, balance sweetness, and add complexity. Common modifiers include vermouths (both sweet and dry), liqueurs like Cointreau, triple sec, maraschino, or Chartreuse, amari and bitters such as Campari, Aperol, or Angostura, fortified wines like sherry and port, and syrups or cordials such as orgeat or grenadine, which sit somewhere between modifier and sweetener. This bill would allow a craft distiller to use common alcohol modifiers of vermouth, amaro, bitters, and liqueurs to combine with distilled spirits for consumption on its premises.

Tied-House Laws. The "tied-house" or "three-tier" system, separates the alcoholic beverage industry into three component parts of the manufacturer (the first tier), wholesaler (the second tier), and retailer (the third tier). In its simplest form, this set of laws is designed to separate manufacturers, distributors, and retailers of 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.

Thus, under a strict "three-tier" system, manufacturers would have no privilege to sell alcoholic beverages directly to consumers. Over the years, however, the Legislature has expanded the privileges of manufacturers to include, among other things, the ability to sell alcoholic beverages directly to consumers. Some, like winegrowers, enjoy not only the ability to sell alcoholic beverages directly to consumers at their licensed premises, but also the ability to ship directly to consumers. Though a one-year exemption currently exists to this prohibition, craft distillers are currently only statutorily allowed to sell directly to consumers at their licensed premises.

Committee Amendments. As currently written, the bill would allow for craft distillers to provide tasting at two off-site tasting rooms in addition to providing tastings at their current licensed premises. The author has agreed to amend the bill to instead limit the number of off-site tasting rooms to a single location.

Prior/Related Legislation

SB 917 (Laird, 2026) increases, among other things, the number of licensees allowed to conduct instructional tastings from one to three licensees at a certified farmers' market. (Pending in the Assembly Governmental Organization Committee)

AB 1246 (Hoover, Chapter 295, Statutes of 2025) 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. 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. Finally, this bill authorizes a craft distiller to transport brandy to the premises of a licensed winegrower for the purpose of storing the brandy to age on the winegrower's premises.

AB 3203 (Aguiar-Curry, Chapter 318, Statutes of 2024) extends a current exemption that allows a licensed craft distiller to directly ship distilled spirits manufactured by the licensee to a consumer from January 1, 2024, to January 1, 2025.

AB 1088 (Blanca Rubio, Chapter 829, Statutes of 2023) extended a current exemption that allows a licensed craft distiller to directly ship distilled spirits manufactured by the licensee to a consumer from January 1, 2024, to January 1, 2025.

AB 2307 (Berman, Chapter 962, Statutes of 2022) increased the number of authorized branch office locations for a licensed beer manufacturer, from six to eight. The bill provided that a beer manufacturer shall not be eligible to receive a seventh or eighth duplicate license until it held a sixth duplicate license for a minimum of one year.

AB 920 (Aguiar-Curry, Chapter 729, Statutes of 2022) authorized, until January 1, 2024, a licensed craft distiller to directly ship distilled spirits manufactured and produced by the licensee at its premises to a consumer, as specified.

SB 620 (Allen, 2021) would have authorized craft distillers, who obtain a distilled spirits direct shipper permit, to sell and ship specified amounts of distilled spirits directly to a resident of California, who is 21 years of age or older, for the resident's personal use and not for resale, as specified. (Never Heard in the Assembly Governmental Organization Committee)

SB 19 (Glazer, Chapter 274, Statutes of 2021) authorizes a licensed winegrower or brandy manufacturer to operate two off-site tasting rooms under its winegrower license.

SB 264 (Glazer, 2020) would have authorized a licensed winegrower or brandy manufacturer to operate two off-site tasting rooms under its winegrower license. (Held on the Assembly Appropriations Suspense File)

SB 1164 (Skinner, Chapter 695, Statutes of 2018) made various changes to the craft distiller's license, including eliminating the requirement that a person must attend a tasting before being able to purchase prepackaged containers of the licensee's spirits directly from the craft distiller and increasing the maximum amount of distilled spirits that a craft distiller is permitted to manufacture from 100,000 gallons to 150,000 gallons.

AB 1295 (Levine, Chapter 640, Statutes of 2015) created the craft distiller's license which, among other things, allows a licensee to manufacture up to 100,000 gallons of distilled spirits annually. Additionally, the licensee is authorized to sell to a consumer participating in a distilled spirits tasting, on the distiller's licensed premises, up to 2.25 liters of distilled spirits in any combination of prepackaged containers per day.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT:

California Distillers Association (Source)
Family Winemakers of California

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the California Distillers, "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."

According to the Family Winemakers, "this measure represents a meaningful opportunity to support craft distillers and spirits manufacturers by expanding their ability to market to consumer at two separate locations through a duplicative license. As these businesses continue to grow, they are becoming essential contributors to the state's broader beverage industry and agricultural economy. As representatives of small producers ourselves, we understand the challenges craft beverage manufacturers face, from navigating complex regulatory frameworks to managing rising operational costs and competing with long-established industry players"