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AB-920 Craft distillers: direct shipping. (2021-2022)

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Assembly Bill No. 920

CHAPTER 729

An act to add and repeal Section 23504.5 of the Business and Professions Code, relating to alcoholic beverages, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2022. Filed with Secretary of State September 29, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

AB 920, Aguiar-Curry. Craft distillers: direct shipping.

Existing law, the Alcoholic Beverage Control Act, which is administered by the Department of Alcoholic Beverage Control, regulates the application, issuance, and suspension of alcoholic beverage licenses. Existing law provides for the licensure and regulation of craft distillers and prohibits issuance of a craft distiller's license to any person, or any officer, director, employee, or agent of a person, among others, who manufactures more than 150,000 gallons of distilled spirits per year within or without the state, as specified. Existing law authorizes a craft distiller to sell up to the equivalent of 2.25 liters in any combination of prepackaged containers per day per consumer of distilled spirits manufactured or produced by the licensee at its premises to a consumer.

This bill, until January 1, 2024, would authorize a licensed craft distiller to directly ship distilled spirits manufactured or produced by the licensee at its premises to a consumer pursuant to specified requirements. The bill would prohibit the amount shipped from exceeding the equivalent of 2.25 liters in any combination of prepackaged containers per day per consumer and would require that the distilled spirits be solely for the consumer's personal use and not for resale. The bill would require the craft distiller to maintain adequate records of the shipments and to provide those records to the department upon request. The bill would require the craft distiller to require the common carrier to obtain the signature of any individual 21 years of age or older before delivering any distilled spirits shipped. The bill would prescribe labeling requirements for the containers in which the distilled spirits are shipped. The bill would make a statement of legislative findings regarding the effect of the COVID-19 pandemic on craft distillers and the need to provide craft distillers with a limited authorization to ship distilled spirits, as specified.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. To mitigate the negative effects of the COVID-19 pandemic on craft distillers and resulting loss of revenue to these distillers, the Department of Alcoholic Beverage Control issued temporary regulatory relief from March 2020, to March 2022, that allowed California craft distillers to ship their products directly to consumers. The loss of direct-to-consumer shipping privileges in March 2022, combined with the continued loss of revenue due to the impact of COVID-19 on tourism and the economy, has led to

layoffs and closures among California's craft distillers. To help mitigate these issues, the Legislature finds and declares that it is necessary to provide licensed craft distillers with a limited temporary authorization to directly ship distilled spirits that they have manufactured or produced to consumers until January 1, 2024, pursuant to the requirements of this measure.

SEC. 2. Section 23504.5 is added to the Business and Professions Code, to read:

23504.5. (a) Notwithstanding any other provision of this division to the contrary, a licensed craft distiller may directly ship distilled spirits manufactured or produced by the licensee at its premises to a consumer only if they comply with all of the following requirements:

- (1) The amount shipped shall not exceed the equivalent of 2.25 liters in any combination of prepackaged containers per day per consumer and shall be solely for the consumer's personal use and not for resale.
- (2) The licensed craft distiller shall maintain adequate records of the shipments and provide those records to the department upon request.
- (3) The licensed craft distiller shall require 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.
- (4) The containers in which the distilled spirits are shipped shall be conspicuously labeled with the words: "CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 YEARS OR OLDER REQUIRED FOR DELIVERY."

(b) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In 2020, the Department of Alcoholic Beverage Control issued a Notice of Regulatory Relief as COVID-19 pandemic relief to craft distillers licensed by the department, allowing deliveries of distilled spirits to consumers away from the licensed premises of production. This relief ended on March 31, 2022. Therefore, to allow craft distillers to continue this practice which has aided them in the face of the economic challenges to their businesses during the ongoing COVID-19 pandemic, it is necessary for this act to take effect immediately.