

House Bill 273 (AS PASSED HOUSE AND SENATE)

By: Representatives Ballinger of the 23rd, Carpenter of the 4th, Collins of the 68th, and Dollar of the 45th

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 3 of the Official Code of Georgia Annotated, relating to alcoholic beverages,
2 so as to regulate the sale and transfer of certain alcoholic beverages; to provide for limited
3 retail sales of distilled spirits by distillers under certain terms and conditions; to provide for
4 definitions; to provide for transfers of liquids from licensed premises of distillers; to provide
5 for the promulgation of rules and regulations; to provide for regulation of the manufacture,
6 distribution, and sale of malt beverages; to provide for the transfer of a limited quantity of
7 malt beverages by brewers that may be sold at retail or at wholesale subject to certain
8 conditions; to provide for definitions; to provide for related matters; to provide for an
9 effective date; to repeal conflicting laws; and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

11 **SECTION 1.**

12 Title 3 of the Official Code of Georgia Annotated, relating to alcoholic beverages, is
13 amended by repealing and enacting a new Code Section 3-4-24.2, relating to the three-tier
14 system of distribution and sale of distilled spirits, Sunday sales, regulatory authority, and
15 conditions or limitations, to read as follows:

16 "3-4-24.2.

17 (a) As used in this Code section, the term:

18 (1) 'Licensed premises' means the physical premises where a distiller is licensed by the
19 state as a manufacturer of distilled spirits.

20 (2) 'On-site production volume' means the volume of distilled spirits produced by
21 distillation through one or more stills located at a licensed premises as part of a distiller's
22 process of engaging in the material and essential aspects of manufacturing such distilled
23 spirits for human consumption.

24 (b) A limited exception to the provisions of this title providing a three-tier system for the
25 distribution and sale of distilled spirits shall exist to the extent that the license to
26 manufacture distilled spirits in this state shall include the right of a licensed distiller to sell
27 up to 750 barrels of distilled spirits per calendar year to individuals on such distiller's
28 licensed premises for personal use and not for resale, subject to the following terms and
29 conditions:

30 (1) Such retail sales of distilled spirits shall only be made to an individual who is
31 physically on such distiller's licensed premises and is of the age required by Code
32 Section 3-3-23;

33 (2) A maximum of three of such distiller's licensed premises shall be permitted to make
34 such retail sales. If such distiller has more than one licensed premises, such distiller shall
35 annually designate the specific licensed premises, up to a maximum of three, from which
36 such distiller has elected to exercise its limited right to sell distilled spirits pursuant to this
37 subsection and shall provide notification of such designation to the department for each
38 calendar year;

39 (3) Such retail sales made for consumption on the premises shall not be subject to a daily
40 maximum amount;

41 (4) Such retail sales made for consumption off the premises shall not exceed a maximum
42 of 4,500 milliliters of distilled spirits per individual per day;

43 (5) Such distiller shall only make such retail sales of distilled spirits that such distiller
44 has distilled, rectified, blended, aged, or bottled at one or more of its licensed premises;

45 (6) Such distiller shall only make such retail sales of distilled spirits for which such
46 distiller is the sole owner of the brand and brand label;

47 (7) Beginning on April 1, 2022, and continuing thereafter, such distiller shall only make
48 such retail sales of distilled spirits at a licensed premises at which such distiller reports
49 on-site production volume, unless such licensed premises:

50 (A) Operates under the same federal distilled spirits permit of a licensed premises of
51 such distiller at which such distiller reports on-site production volume;

52 (B) Is designated under paragraph (2) of this subsection as one of such distiller's
53 licensed premises for retail sales;

54 (C) Is used for aging distilled spirits transferred from such distiller's on-site production
55 volume in wooden containers for a period exceeding one year at such licensed
56 premises; provided, however, that such licensed premises may also be used for aging
57 distilled spirits transferred to such licensed premises as permitted under subsection (d)
58 of this Code section; and

59 (D) Has physically located at such licensed premises at all times during such calendar
60 year not less than 500 barrels of distilled spirits owned by such distiller that are being
61 aged in wooden containers; and

62 (8) Beginning on April 1, 2022, and continuing thereafter, the maximum volume of
63 distilled spirits that such distiller may sell from each specific licensed premises permitted
64 to make such retail sales under this subsection during any calendar quarter shall be
65 limited as follows:

66 (A) From a licensed premises at which such distiller reports on-site production volume,
67 the maximum volume shall be the on-site production volume at such licensed premises
68 during such calendar quarter; and

69 (B) From a licensed premises that meets all of the qualifications described in
70 subparagraphs (A) through (D) of paragraph (7) of this subsection, the maximum
71 volume shall be the difference between:

72 (i) The total aggregate on-site production volume of such distiller in this state among
73 all of such distiller's licensed premises during such calendar quarter; and

74 (ii) The total aggregate retail sales made by such distiller under this subsection at all
75 other licensed premises at which such distiller makes retail sales under this subsection
76 during such calendar quarter.

77 (c) Each distiller shall file a report with the department every calendar quarter
78 documenting all retail sales made under subsection (b) of this Code section and the on-site
79 production volume of such distiller at each licensed premises in such manner and on such
80 forms as designated by the department.

81 (d) Nothing in this Code section shall prohibit a distiller from transferring any liquid,
82 regardless of whether such liquid would be deemed to be a finished product of distilled
83 spirits or was distilled by such distiller, to or from any of such distiller's licensed premises
84 or from selling such transferred liquid to individuals present at such distiller's licensed
85 premises, subject to the terms and limitations of subsection (b) of this Code section.

86 (e) A distiller may sell distilled spirits pursuant to subsection (b) of this Code section on
87 all days and at all times that sales of distilled spirits by retailers and retail consumption
88 dealers are lawful within the county or municipality in which the licensed premises of such
89 distiller is located, including, but not limited to, Sundays.

90 (f) A distiller shall not sell any distilled spirits for consumption off the premises pursuant
91 to subsection (b) of this Code section at a price less than the price at which a person
92 licensed to sell distilled spirits by the package is permitted to sell distilled spirits pursuant
93 to subsection (b) of Code Section 3-4-26.

94 (g) Any distiller engaging in sales of distilled spirits pursuant to subsection (b) of this
95 Code section shall remit all state and local sales, use, and excise taxes to the proper tax
96 collecting authority.
97 (h) The commissioner shall promulgate and enforce such rules and regulations as he or she
98 may deem reasonable and necessary to effectuate the provisions of this Code section.
99 (i) Upon a violation by a distiller of any provision of this Code section or this title or any
100 rule or regulation promulgated thereunder, the commissioner shall have the power to place
101 conditions or limitations on such distiller's license and to modify or amend such conditions
102 or limitations."

103 **SECTION 2.**

104 Said title is further amended by revising Code Section 3-5-24.1, relating to exception to
105 three-tier system, taxing, regulatory authority, and conditions or limitations, as follows:

106 "3-5-24.1.

107 (a) As used in this Code section, the term:

108 (1) 'Common ownership' means the same 100 percent common ownership interest
109 including, but not limited to, ownership of the stock, limited liability company
110 membership interest, limited liability partnership interest, other entity interest, or
111 partnership interest, in whatever form such ownership interest may exist.

112 (2) 'Licensed premises' means the physical premises where brewer is licensed by the
113 state as a manufacturer of malt beverages.

114 (3) 'Produces' means engaging in the material and essential aspects of the brewing
115 process to manufacture malt beverage for human consumption; provided, however, when
116 a brewer engages in the brewing process at multiple licensed premises, the malt beverage
117 will be deemed to have been produced only at the licensed premises where such malt
118 beverage first began fermentation through the chemical conversion of fermentable sugars
119 into alcohol.

120 ~~(a)~~(b) A limited exception to the provisions of this title providing a three-tier system for
121 the distribution and sale of malt beverages shall exist to the extent that the license to
122 manufacture malt beverages in this state shall include the right to sell ~~up to 3,000 barrels~~
123 ~~of malt beverages per year produced at~~ to individuals on the brewer's licensed premises to
124 ~~individuals who are on such premises for personal use and not for resale, subject to the~~
125 following terms and conditions:

126 ~~(1) Consumption on the premises; and~~

127 ~~(2) Consumption off the premises, provided that such sales for consumption off the~~
128 ~~premises shall not exceed a maximum of 288 ounces of malt beverages per consumer per~~
129 ~~day.~~

130 (1) The brewer may only make sales of malt beverages to an individual while the
131 individual is physically on the brewer's licensed premises where the brewer produces malt
132 beverages;

133 (2) The brewer may make sales of malt beverages the brewer produces at the brewer's
134 licensed premises where the individual is purchasing the malt beverages;

135 (3) As long as the brewer and all of the brewer's licensed premises are under common
136 ownership, the brewer may make sales of malt beverages the brewer produces at any
137 licensed premises of the brewer and subsequently transfers in compliance with the
138 limitations and reporting obligations of subsection (c) of this Code section to the brewer's
139 licensed premises for sale where the individual is purchasing the malt beverages;

140 (4) The brewer may only make sales of malt beverages for which the brewer is the sole
141 owner of the brand and brand label;

142 (5) Sales for consumption on the premises are not subject to a daily maximum amount;

143 (6) Sales for consumption off the premises shall not exceed a maximum of 288 ounces
144 of malt beverages per individual per day; and

145 (7) The maximum amount of malt beverages the brewer may sell pursuant to
146 subsection (b) of this Code section in each calendar year shall be 6,000 barrels in the
147 aggregate among all brewer's licensed premises making such sales.

148 (c) Nothing in this Code section shall be interpreted to prohibit a brewer from transferring
149 any liquid, regardless of whether such liquid would be deemed to be malt beverages or not,
150 to or from any of the brewer's licensed premises; provided, however, with respect to any
151 malt beverages a brewer produces at one of the brewer's licensed premises and transfers
152 to be sold to individuals pursuant to subsection (b) of this Code section at another of the
153 brewer's licensed premises, the maximum number of barrels of malt beverages permitted
154 to be transferred from one licensed premises of the brewer to another licensed premises of
155 the brewer shall not exceed the number of barrels of malt beverages the brewer produces
156 under brands and brand labels for which the brewer is the sole owner at the licensed
157 premises receiving the transferred malt beverages and the brewer shall file a report with the
158 department every calendar quarter documenting all such transfers in such form as the
159 department shall require.

160 ~~(b)~~(d) A brewer may sell malt beverages pursuant to subsection ~~(a)~~ (b) of this Code section
161 on all days and at all times that sales of malt beverages by retailers are lawful within the
162 county or municipality in which the licensed premises of the brewer is located, including,
163 but not limited to, Sundays.

164 ~~(e)~~(e) Any brewer engaging in sales of malt beverages pursuant to subsection (a) of this
165 Code section shall remit all state and local sales, use, and excise taxes to the proper tax
166 collecting authority.

167 ~~(d)~~(f) The commissioner shall promulgate and enforce such rules and regulations as he or
168 she may deem reasonable and necessary to effectuate the provisions of this Code section.

169 ~~(e)~~(g) Upon a violation by a brewer of any provision of this Code section or this title or
170 any rule or regulation promulgated thereunder, the commissioner shall have the power to

171 place conditions or limitations on such brewer's license and to modify or amend such
172 conditions or limitations."

173 **SECTION 3.**

174 This Act shall become effective upon its approval by the Governor or upon its becoming law
175 without such approval.

176 **SECTION 4.**

177 All laws and parts of laws in conflict with this Act are repealed.