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

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

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.
Title 3 of the Official Code of Georgia Annotated, relating to alcoholic beverages, is amended by repealing and enacting a new Code Section 3-4-24.2, relating to the three-tier system of distribution and sale of distilled spirits, Sunday sales, regulatory authority, and conditions or limitations, to read as follows:

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"3-4-24.2.

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

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

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

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

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

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

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

(4) Such retail sales made for consumption off the premises shall not exceed a maximum of 4,500 milliliters of distilled spirits per individual per day;
(5) Such distiller shall only make such retail sales of distilled spirits that such distiller has distilled, rectified, blended, aged, or bottled at one or more of its licensed premises;

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

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

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

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

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

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

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

(A) From a licensed premises at which such distiller reports on-site production volume, the maximum volume shall be the on-site production volume at such licensed premises during such calendar quarter; and
(B) From a licensed premises that meets all of the qualifications described in subparagraphs (A) through (D) of paragraph (7) of this subsection, the maximum volume shall be the difference between:

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

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

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

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

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

(f) A distiller shall not sell any distilled spirits for consumption off the premises pursuant to subsection (b) of this Code section at a price less than the price at which a person licensed to sell distilled spirits by the package is permitted to sell distilled spirits pursuant to subsection (b) of Code Section 3-4-26.
(g) Any distiller engaging in sales of distilled spirits pursuant to subsection (b) of this Code section shall remit all state and local sales, use, and excise taxes to the proper tax collecting authority.

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

(i) Upon a violation by a distiller of any provision of this Code section or this title or any rule or regulation promulgated thereunder, the commissioner shall have the power to place conditions or limitations on such distiller's license and to modify or amend such conditions or limitations."

SECTION 2.

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

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

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

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

(3) 'Produces' means engaging in the material and essential aspects of the brewing process to manufacture malt beverage for human consumption; provided, however, when a brewer engages in the brewing process at multiple licensed premises, the malt beverage will be deemed to have been produced only at the licensed premises where such malt beverage first began fermentation through the chemical conversion of fermentable sugars into alcohol.
A limited exception to the provisions of this title providing a three-tier system for the distribution and sale of malt beverages shall exist to the extent that the license to manufacture malt beverages in this state shall include the right to sell up to 3,000 barrels of malt beverages per year produced at to individuals on the brewer's licensed premises to individuals who are on such premises for personal use and not for resale, subject to the following terms and conditions:

1. Consumption on the premises; and
2. Consumption off the premises, provided that such sales for consumption off the premises shall not exceed a maximum of 288 ounces of malt beverages per consumer per day:
   1. The brewer may only make sales of malt beverages to an individual while the individual is physically on the brewer's licensed premises where the brewer produces malt beverages;
   2. The brewer may make sales of malt beverages the brewer produces at the brewer's licensed premises where the individual is purchasing the malt beverages;
   3. As long as the brewer and all of the brewer's licensed premises are under common ownership, the brewer may make sales of malt beverages the brewer produces at any licensed premises of the brewer and subsequently transfers in compliance with the limitations and reporting obligations of subsection (c) of this Code section to the brewer's licensed premises for sale where the individual is purchasing the malt beverages;
   4. The brewer may only make sales of malt beverages for which the brewer is the sole owner of the brand and brand label;
   5. Sales for consumption on the premises are not subject to a daily maximum amount;
   6. Sales for consumption off the premises shall not exceed a maximum of 288 ounces of malt beverages per individual per day; and
(7) The maximum amount of malt beverages the brewer may sell pursuant to subsection (b) of this Code section in each calendar year shall be 6,000 barrels in the aggregate among all brewer's licensed premises making such sales.

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

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

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

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

(g) Upon a violation by a brewer of any provision of this Code section or this title or any rule or regulation promulgated thereunder, the commissioner shall have the power to
place conditions or limitations on such brewer's license and to modify or amend such conditions or limitations."

SECTION 3.

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

SECTION 4.

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