

The Senate Committee on Rules offered the following substitute to HB 273:

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 ~~(c)~~(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.