



Craft Distiller's License (Type-74)

Frequently Asked Questions

Since issuing its Industry Advisory concerning the newly authorized Type-74 Craft Distiller's license the Department has received a number of inquiries seeking clarification of several points. This FAQ is intended to respond to such inquiries and will be updated periodically as necessary if additional inquiries are received.

1. Can mixers made by other people be used in tastes of distilled spirits?

Yes. Section 23363.1 allows both distilled spirits manufacturers (Type-4) and craft distillers (Type-74) to "conduct tastings of distilled spirits produced or bottled by, or produced or bottled for, the licensee", subject to certain limitations. With respect to tastings conducted at the distillery, this provision was amended in two ways: (1) the limitation on six ¼ oz. tastes was changed to allow for a total of 1.5 oz. of distilled spirits per person per day; and (2) the prohibition on tastes being served in the form of a mixed drink or cocktail was removed. Tastings "shall only include the products that are authorized to be produced or bottled by or for the licensee." With respect specifically to the Type-74 (craft distiller) license, this does mean that only distilled spirits that are manufactured by the licensee may be tasted. However, the restriction is only to the distilled spirits tasted and not to other (non-alcoholic) products used to offer the tastes by way of mixed drinks or cocktails.

2. Can a Type-74 licensee taste, bottle, mix, blend and ship product for someone else without distilling at all or selling its own product?

No. First, the Type-74 requires the holder to engage in the commercial manufacture of distilled spirits. This means that the licensee must actually manufacture distilled spirits. Second, the Type-74 license authorizes the licensee to package, rectify, mix, flavor, color, label, and export only those distilled spirits manufactured by the licensee. This means that if a distiller packages, rectifies, mixes, flavors, colors, labels, or exports distilled spirits manufactured by any other person (distilled spirits manufacturer, craft distiller, or rectifier) they may not hold a Craft Distiller's license.

3. Can a licensee obtain a Type-74 without obtaining a type 6 license?

No. Separate and apart from the Type-74 license, a distilled spirits manufacturer (Type-4 or Type-74) must also hold a Type-6 (still) license in order to own and/or operate a still to produce the distilled spirits.

4. Can you hold a Type-12 or Type-18 and a Type-74 together?

Business and Professions Code section 23771 specifically allows only the issuance of a Type-4 (distilled spirits manufacturer), a Type-74 (craft distiller), or a Type-5 (distilled spirits manufacturer's agent) to any person engaged in the manufacture of distilled spirits (either within or without California). Because both the Type-12 (distilled spirits importer) and Type-18 (distilled spirits wholesaler) licenses are "distilled spirits" licenses, this provision prohibits the holder of a Type-74 from also holding either a Type-12 or a Type-18 license. In addition, beyond the prohibition in section 23771, the holder of a Type-74 license is prohibited from engaging in activities permitted under the Type-12 and Type-18 licenses.

5. Will an applicant for a Type-74 license need to get CUP?

Whether or not a Conditional Use Permit ("CUP"), or other type of use permit or business license, is required (and whether it is necessary for a new business or an existing business that now has expanded privileges under this new license) is determined by the local jurisdiction in which the business is located. It is recommended that you contact the appropriate local government agency to determine this.

6. Can a licensee hold both a Type-4 and a Type-74?

No. The privileges and restrictions on each of the licenses are inherently incompatible.

7. Does the Type-74 license have the same sales privileges as the Type-7 license?

No. The Type-7 (rectifier) license authorizes, among other things, sales of distilled spirits "to persons holding licenses authorizing the sale of distilled spirits" (see Business and Professions Code section 23368). Except for sales to Type-18 (distilled spirits wholesaler), this is specifically prohibited under the Type-74 license. Likewise, the Type-74 license authorizes the manufacture of distilled spirits; whereas, this is not permitted under the Type-7. In addition, because the license privileges of these two license types are incompatible, they cannot be held together.

8. Do Type-74 licenses authorize the use of distilled spirits manufactured by other distillers for infusions or similar purposes without them having to be re-distilled?

No. The Type-74 license prohibits rectification (which includes redistilling, mixing, and flavoring, among other things) of distilled spirits manufactured by anyone other than the Type-74 licensee. The new law (and specifically section 23502(a)(2)) states: "The craft distiller's license authorizes the licensee to do all of the following: . . . Package, rectify, mix, flavor, color, label, and export **only those distilled spirits manufactured by the licensee.**" (Emphasis added.)

9. Does the Type-74 license authorize the sale of distilled spirits manufactured by the licensee to consumers for off-sale consumption at a restaurant operated at the distillery?

Craft distillers may operate restaurants (“bona fide eating place”) in two ways: (1) at the licensed premises of production under the authority of Type-74 license; or (2) by obtaining a separate on-sale license (pursuant to section 23506). To be clear, a craft distiller licensee may operate **both** a restaurant at the premises of production **and** up to two (2) restaurants under on-sale licenses. It should also be noted that the on-sale licensed businesses need not be restaurants, but may be bars (which are “public premises” required to operate under the same laws and rules as other licensed bars).

Section 23504 provides that “a licensed craft distiller may sell up to the equivalent of 2.25 liters in any combination of prepackaged containers per day per consumer of distilled spirits manufactured by the licensee at its premises to a consumer attending an instructional tasting conducted by the licensee on its licensed premises pursuant to subdivision (c) of Section 23363.1.” This off-sale privilege would apply to sales from a restaurant operated by the licensee on the licensed premises of production under the Type-74 license (subject to the other requirements). On-sale licensees are not authorized to sell any distilled spirits off-sale (Business and Professions Code section 23401). As such, if the restaurant is operated under an on-sale license, the Type-74 licensee may not sell any distilled spirits to consumers for off-sale consumption.