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California Craft Distilleries Plunge 45% as Direct Shipping Bill Sparks Industry Clash

New law allowing out-of-state distillery shipments faces opposition from wholesalers citing safety, tax, and job concerns amid sector decline.

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The Wine & Spirits Wholesalers of America (WSWA) has voiced strong opposition to California’s new direct-to-consumer (DTC) shipping bill, Assembly Bill 1246, which was recently passed by state legislators. The bill allows local craft distilleries to continue shipping their products directly to consumers within California and, starting January 1,

2026, will permit out-of-state craft distilleries to ship into the state if they obtain a permit. The measure extends a temporary provision first enacted in January 2022 in response to the Covid-19 pandemic and will remain in effect until December 31, 2026.

California wineries have been able to ship directly to consumers for more than three decades, but the extension of similar privileges to craft distilleries has drawn criticism from the WSWA. The trade group argues that the bill undermines the state's three-tier alcohol distribution system, which separates producers, distributors, and retailers. According to Chelsea Crucitti, WSWA's vice president of state affairs, the system is designed to protect consumers, ensure efficient tax collection, and prevent underage access to alcohol.

In a statement, Crucitti said, "WSWA strongly opposes the passage of AB 1246 because it weakens California's proven three-tier alcohol system that protects consumers, ensures efficient tax collection, and keeps beverage alcohol out of minors' hands." The organization cited a 2022 survey by its Educational Foundation, which found that 72% of American mothers were concerned that DTC spirits shipping across state lines could increase underage access to alcohol. The online survey included 2,000 mothers nationwide, with significant samples from New York and Texas.

Despite these concerns, there is evidence of public support for expanding DTC shipping. A recent report from the American Craft Spirits Association (ACSA) indicated that 67% of Americans of legal drinking age favor changing laws to allow more direct shipping of spirits. The ACSA has also highlighted the struggles facing California's craft spirits sector. According to its latest Craft Spirits Data Project report, the number of craft distilleries in California dropped by 45% over the past year, falling from 379 in August 2024 to just 207 in August 2025. Nationally, the number of U.S. craft distilleries declined by a quarter during the same period.

The WSWA maintains that making DTC shipping permanent could have negative consequences beyond underage access. The group warns that it could impact state tax revenues and open the door to counterfeit and illicit sales. In addition, the WSWA argues that the change threatens jobs in the wholesale tier and at retail stores, restaurants, and bars—sectors already under pressure from broader economic

challenges.

As the debate continues, California lawmakers face pressure from both sides: craft distillers seeking relief after a sharp downturn in their industry and wholesalers concerned about the long-term effects on the state’s regulatory framework and public safety. The future of DTC spirits shipping in California remains uncertain as policymakers weigh these competing interests ahead of the bill’s scheduled expiration at the end of 2026.