

- 1) One-time costs of approximately \$700,000 in the first year to ABC to develop the pilot program, including adopting regulations, followed by ongoing annual costs in excess of \$2 million for continued program development, licensing and enforcement. Direct costs should be covered by the application and annual fees over time. In contrast to ABC's general fee authority, however, ABC is not authorized to adjust these fees for inflation. (ABC Fund)
- 2) Significant one-time costs, likely in the high hundreds of thousands of dollars, for CHP to participate in local task forces and complete the required report. (Motor Vehicle Account)

COMMENTS:

- 1) **Purpose.** According to the author, many of the state's food service and entertainment establishments, including social and nightlife venues, are still struggling from the effects of the COVID-19 pandemic. The author further notes:

Currently, our California destination cities are at a disadvantage when competing with cities both nationally and internationally for tourists, conventions, and conferences. Additionally, the [2 a.m.] mandatory closure time creates stress on public services, transportation, and local law enforcement when patrons are simultaneously pushed out onto the street at the exact same time. SB 930 seeks to solve these issues in a safe and manageable way, while ensuring California's nightlife is provided the tools needed to aid in its recovery.

- 2) **Support and Opposition.** This bill is supported by some of the qualified cities that could participate in the pilot program, as well as those cities' tourism boards and the California Travel Association, which states, "SB 930 is a reasonable solution that provides certain cities the ability to participate in a pilot program that will give them additional tools to enhance their local economies and help entice more visitors to California."

This bill is opposed by a local neighborhood association, organizations against increased alcohol consumption and the California Association of Highway Patrolmen, which states, "With bars closing near the commute hour, there will be more drivers on the road and the likelihood of drunk driving accidents will increase substantially."

- 3) **State vs. Local Control.** ABC has the exclusive authority to license and regulate the manufacturing, distribution and sale of alcoholic beverages within the state. Currently, ABC oversees more than 92,000 licensees throughout the state. Over the years, local governments have requested increased authority to directly regulate establishments that sell alcohol in their respective communities, especially regarding zoning laws and conditional use permits.

Since 1935, ABC licensees have been prohibited from selling, serving or allowing open containers of alcoholic beverages to remain in the public portion of the business from 2:00 a.m. to 6:00 a.m. This bill shortens these restricted hours to 4:00 a.m. to 6:00 a.m. for an on-sale licensee in a qualified city that holds an additional-hours license issued by ABC. There are approximately 6,000 on-sale licensees (generally, restaurants, bars, taverns and night clubs) located within the qualified cities that may participate in this pilot program.

- 4) **Prior Legislation.** SB 58 (Wiener), of the 2019-2020 Legislative Session, was substantially similar to this bill, but would have limited the additional hour of sale to 3 a.m. and included

the cities of Long Beach, Los Angeles and Sacramento as qualified cities. SB 58 failed passage on the Assembly Floor.

SB 905 (Wiener), of the 2017-18 Legislative Session, was substantially similar to SB 58, but would have allowed sales to continue until 4 a.m. and did not include the City of Fresno. SB 905 was vetoed by Governor Brown, who stated:

Without question, these two extra hours will result in more drinking. The businesses and cities in support of this bill see that as a good source of revenue. [CHP], however, strongly believes that this increased drinking will lead to more drunk driving. California's laws regulating late night drinking have been on the books since 1913. I believe we have enough mischief from midnight to 2 without adding two more hours of mayhem.

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