

Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Blanca Rubio, Chair

AB 2663 (Rogers) – As Amended March 16, 2026

**SUBJECT:** Alcoholic beverages: retail on-sale license: off-sale privileges

**SUMMARY:** This bill would extend until December 31, 2031, a current sunset provision (December 31, 2026) that authorizes the holder of an on-sale license for a bona fide public eating place that has off-sale privileges, or a licensed beer manufacturer, licensed wine manufacturer, or licensed craft distiller that operates a bona fide public eating place at its premises of production, to sell distilled spirits in manufacturer-prepackaged containers and alcoholic beverages other than beer that are not in manufacturer-prepackaged containers for off-sale consumption if specified conditions are met. **Specifically, this bill:**

1) Allows, until December 31, 2031, the holder of an on-sale license for a bona fide public eating place that has off-sale privileges, or a licensed beer manufacturer, licensed wine manufacturer, or licensed craft distiller that operates a bona fide public eating place at its premises of production, to exercise additional off-sale rights and privileges, as specified.

2) Provides that a licensee may sell distilled spirits for off-sale consumption for which their license permits on-sale consumption provided the beverages are in manufacturer-prepackaged containers and ordered and picked up by the consumer, as defined.

3) States that a licensee may sell alcoholic beverages, except beer, for off-sale consumption for which their license permits on-sale consumption when the beverages are not in manufacturer prepackaged containers if the following conditions are met:

- a) The alcoholic beverages are packaged in a container with a secure lid or cap sealed in a manner designed to prevent consumption without removal of the lid or cap by breaking the seal.
- b) Wine is sold only in single-serve containers, as specified.
- c) Mixed drinks and cocktails sold for off-sale consumption shall not exceed four and one-half ounces of distilled spirits.
- d) Alcoholic beverages shall be sold in conjunction with a bona fide meal, and shall be limited to two such drinks per bona fide meal. A "bona fide meal" shall conform to the guidance issued by ABC on July 5, 2020 that is available on department's internet website.
- e) The container is clearly and conspicuously labeled or otherwise identified as containing an alcoholic beverage.

4) Provides that specific warning signage shall be posted by the licensee that notifies consumers of restrictions regarding open container laws, as specified.

5) Provides that alcoholic beverages sold pursuant to this bill shall meet both of the following conditions:

- a) The alcoholic beverage shall be ordered by the consumer online, over the telephone, or in person, for pickup by the consumer.
  - b) The consumer who places the order for an alcoholic beverage shall pick up the order directly from the licensee and shall present a bona fide identification card for purposes of confirming the age and identity of the consumer who placed the order. The alcoholic beverage shall not be ordered or picked up for delivery.
- 6) States that prior to exercising the above-mentioned privileges, the licensee shall notify the ABC in writing of its intent to do so.
- 7) Authorizes ABC to place conditions on a license prohibiting or restricting the licensee's rights granted under this bill, as provided.

**EXISTING LAW:**

- 1) Establishes ABC and grants it exclusive authority to administer the provisions of the Act in accordance with laws enacted by the Legislature. This involves licensing individuals and businesses associated with the manufacture, importation, and sale of alcoholic beverages and the collection of license fees for this purpose.
- 2) Separates the alcoholic beverage industry into three component parts, or tiers, of the manufacturer (including breweries, wineries, and distilleries), wholesaler, and retailer (both on-sale and off-sale). This is referred to as the "Tied-house" law or "three-tier" system. Generally, other than exceptions granted by the Legislature, the holder of one type of license is not permitted to do business as another type of licensee within the "three-tier" system.
- 3) Prohibits a person from exercising the privilege which a licensee may exercise or performing under the authority of a license unless the person is authorized to do so by a license.
- 4) Provides that any person under 21 years of age who purchases any alcoholic beverage, who consumes any alcoholic beverage in any on-sale premises, or who possesses any alcoholic beverage on any street or highway or in any public place or any place open to the public is guilty of a misdemeanor.
- 5) Provides that every person who sells, furnishes, gives, or causes to be sold, or given away any alcoholic beverage to any person under 21 years of age is guilty of a misdemeanor.
- 6) Provides for various on-sale retail licenses in the Act: a) An "on-sale general license" authorizes the sale of all types of alcoholic beverages: namely, beer, wine and distilled spirits, for consumption on the premises, and the sale of beer and wine for consumption off the premises; b) An "on-sale beer and wine license" authorizes the sale of all types of wine and malt beverages (e.g., beer, porter, ale, stout and malt liquor) for consumption on and off the premises; and c) An "on-sale beer license" authorizes the sale of malt beverages for consumption on and off the premises.
- 7) Defines "bona fide public eating place" to mean a place which is regularly and in a bona fide manner used and kept open for the serving of meals to guests for compensation and which has suitable kitchen facilities connected therewith, containing conveniences for cooking an

assortment of foods which may be required for ordinary meals, the kitchen of which must be kept in a sanitary condition with the proper amount of refrigeration for keeping of food on said premises and must comply with all the regulations of the local Department of Health.

8) Authorizes a person holding an on-sale general license, with respect to beer and wine, and any on-sale license, with respect to the particular beverage or beverages mentioned in the license, to exercise the rights and privileges granted by an off-sale beer and wine license.

9) Prohibits an off-sale license from delivering alcoholic beverages from an order received over the telephone or other electronic means without requiring proof of age and identity when the beverages are delivered.

10) Authorizes, until December 31, 2026, specified on-sale licensees that operate a bona fide public eating place (restaurant) to sell distilled spirits for off-sale consumption for which their license permits on-sale consumption if the beverages are in manufacturer-prepacked containers, and ordered and picked up by the consumer, as specified. This means that manufacturer-sealed distilled spirits cannot be delivered to consumers.

11) Authorizes, until December 31, 2026, specified on-sale licensees to sell alcoholic beverages, except beer, for off-sale consumption for which their license permits on-sale consumption when the beverages are not in a manufacturer-prepackaged containers (cocktails and single-serve wine) if specified conditions are met. The drinks must be ordered and picked up in-person by the consumer directly from the licensee (i.e., they cannot be delivered to the consumer away from the licensed premises).

**FISCAL EFFECT:** This bill is keyed fiscal by Legislative Counsel.

**COMMENTS:**

Purpose of this bill. According to the author's office, "AB 2663 extends the sunset date on provisions established by SB 389 by Senator Dodd. This critical legislation allows restaurants and certain alcohol manufacturers to sell prepackaged alcoholic beverages for off-premises consumption alongside a meal. Since their adoption, these provisions have provided a critical and reliable source of revenue for California's hospitality industry, especially in small mom and pop shops, helping businesses adapt to evolving consumer preferences and ongoing economic challenges. Importantly, these privileges are accompanied by strong safeguards which ensure that both consumers and restaurant owners are upheld with protocol on safe consumption at home, including requirements for sealed containers, limits on the number of drinks per meal, and in-person age verification at pickup. There is no evidence that these provisions have resulted in significant public safety concerns."

**Background:**

In 2021, SB 389 (Dodd), Chapter 657, was signed into law by Governor Newsom. The bill shared similarities with the regulatory relief provided through the Regulatory Relief Notices issued by ABC in 2020 and 2021 during the COVID-19 pandemic. The bill authorized specified restaurants (bona fide public eating-place) and certain alcohol manufacturers to sell distilled spirits in manufacturer-sealed containers (e.g. cans or bottles) for off-site consumption for which their license permits on-sale consumption if the order is picked up by the consumer and they display bona fide identification. The bill also authorized those same licensees to sell for off-site

consumption distilled spirits and single-serve wine that is not in manufacturer-sealed containers (e.g. a cocktail or margarita) if the order is sold in conjunction with a meal, it is picked up by the consumer, and they display identification, among other requirements (two-drink per meal limit, alcoholic beverages be packaged in a container with a secure lid or cap, sealed in a manner designed to prevent consumption without the removal of the lid or cap). Before exercising the privilege of selling nonmanufacturer-sealed alcoholic beverages for off-site consumption, the eligible licensee must notify ABC of their intent to do so. The department can restrict or prohibit these privileges by placing conditions on the license under specified circumstances. The provisions of the bill sunset on December 31, 2026.

Unlike the regulatory relief, AB 389 was amended in the Assembly Committee on Appropriations to require that the consumer pick up any order that contained distilled spirits, regardless of whether the alcoholic drink was in a prepackaged container or a cocktail.

On-sale and off-sale licenses. The ABC issues a number of alcohol licenses that are available to individuals seeking to operate businesses that sell alcoholic beverages. Each license establishes specific responsibilities and privileges especially when it comes to “on-sale” and “off-sale” privileges. Alcohol licenses are deemed “on-sale” if the license authorizes the sale of alcoholic beverages but requires that they are consumed on the premises. Some examples of “on-sale” businesses include bars and restaurants although restaurants do have some “off-sale” privileges. For example, under existing law restaurants are authorized to sell both wine and beer to customers for “off-sale” consumption and have those drinks delivered.

On the other hand, alcohol licenses are deemed “off-sale” if the business sells alcoholic beverages sold at the establishment but are required to be consumed offsite. For instance, liquor stores or grocery stores that sell alcoholic drinks are “off-sale” businesses. Moreover, some licenses have both “on-sale” and “off-sale” privileges. Examples of such licenses are wineries and craft distilleries.

ABC Regulatory Relief. To help the restaurant industry deal with the Covid-19 pandemic and comply with the public health measures, the ABC announced its first regulatory relief on March 19, 2020. This relief enabled licensees with on-sale privileges to sell alcoholic beverages for off-sale consumption in pre-packaged containers from the manufacturer, provided that their license allows on-sale consumption of those beverages.

For example, a Type 47 restaurant was allowed to sell distilled spirits for off-sale consumption, regardless of any condition on its license to the contrary and regardless of the statutory prohibition against on-sale licensees selling distilled spirits for off-sale consumption. Similarly, a Type 41 beer and wine restaurant licensee was allowed to sell beer and wine, but not distilled spirits, for consumption off the premises regardless of any conditions on its license that prohibit such sales.

In addition to selling manufacturer pre-packaged containers, the first regulatory relief allowed licensees selling beer, wine, and pre-mixed drinks or cocktails not in manufacturers containers for consumption off the licensed premises when sold in conjunction with meals prepared for pick-up or delivery either by the licensee or by a third-party delivery company. Any such alcoholic beverages needed to be packaged in a container with a secure lid or cap and in a manner designed to prevent consumption without removal of the lid or cap. Containers with lids with sipping holes or openings for straws were not considered to be an appropriate container.

Any licensee selling such beverages for off-sale consumption were required to prominently post a warning in a manner that informed consumers on the limitations regarding open container laws.

While regulatory relief allowed restaurants the ability to sell both prepackaged alcoholic beverages and cocktails for consumption off the licensed premises, it did not diminish in any way the responsibility of the licensee to ensure that alcoholic drinks are not being sold and delivered to persons under the age of 21. Restaurants were still fully responsible for ensuring that any customer who purchases alcoholic beverages are of legal age regardless of whether that customer purchased the alcohol in person or through any other means and regardless of whether the customer picks up the alcoholic drinks at the restaurant or if the alcohol was delivered to their home. This specific regulatory relief expired on December 31, 2021.

A growing and popular trend. According to the National Restaurant Association's 2021 State of the Restaurant Industry Report, roughly 7 in 10 full-service restaurants and half of fast-casual eateries offer alcohol for carryout or delivery. Furthermore, 58 percent of consumers surveyed said the ability to purchase alcoholic beverages with their takeout orders has a major impact on their choice of restaurants. Technomic also found that restaurant operators expect alcohol to-go sales to settle in at an average of 21 percent of total alcohol sales after the COVID-19 pandemic.

As of early 2026, more than 30 states, along with the District of Columbia, have enacted legislation making pandemic-era cocktails to-go permanent. At least 33 states and D.C. now permit third-party platforms to deliver alcohol, building on temporary measures introduced during the pandemic.

Alcohol delivery by Third-Party Providers. While there are no laws or regulations specific to TPPs, ABC issued advisories in 2009 and 2011 (before the prevalence of app-based on-demand alcohol delivery), defining a TPP as an unlicensed entity involved with the promotion, marketing, and facilitation of sales of alcoholic beverages by licensees over the internet. For example, a liquor or grocery store can collaborate with a TPP to deliver prepackaged alcoholic beverages. Because existing law states only licensees may engage in activities for which a license is required, all sales transactions involving TPPs are ultimately conducted by the licensee. Since ABC cannot sanction TPPs, the responsibility for a violation of the ABC Act, including any potential criminal liability, lies with the licensee and TPP driver.

Can I see your ID? Under current law, an off-sale licensee cannot deliver any alcoholic beverages based on orders received by phone or other electronic means unless the person who receives the delivery can show proof of age and identity to confirm that they are 21 years old or older.

ABC penalties for sales to minors. Current law authorizes ABC to issue a 15-day suspension to a licensee for a first violation of provisions relating to the sale or furnishing of alcoholic beverages to a person under the age of 21. A second violation within 36 months may result in a 25-day suspension and a third violation within 36 months may result in license revocation.

Additionally, current law allows a licensee to pay a fine in lieu of serving the suspension. If ABC finds that public welfare and morals would not be impaired by the substitution of a fine for the actual suspension of the licensed business, the retail licensee may pay a sum of money equal to 50 percent of the estimated gross receipts from the sale of alcoholic beverages during the

period of suspension, subject to various limits. However, a licensee may not petition ABC for an offer in compromise for a third or any subsequent violation that occurs within 36 months of the initial violation.

Author amendment. The author will offer a committee amendment adding an urgency clause to the measure, citing the need to provide stability for designated on-sale licensees during the New Year's Eve holiday. The amendment is intended to ensure these licensees can continue selling their products without disruption and to prevent economic harm or consumer confusion resulting from the current statutory sunset date of December 31, 2026.

In support. The California Restaurant Association write, "The flexibility that alcohol-to-go sales provide for California's hospitality community is essential. Since the establishment of the underlying law, a shift in patrons' dining habits and expectations has resulted in it becoming a crucial part of many neighborhood restaurants', breweries, wineries, and craft distilleries' operations. AB 2663 simply extends SB 389's expiration, continuing the current and successful law while maintaining strong safeguards. AB 2663 is a timely and reasonable proposal; failing to extend this measure would eliminate an effective tool that supports neighborhood restaurants and help meet consumer demand."

The Distilled Spirits Council of the United States (DISCUS) writes, "This bill does not expand existing law; it simply extends current authorizations while maintaining strong consumer safeguards. If these provisions expire on December 31, 2026, they will abruptly eliminate a widely relied-upon privilege that supports small businesses, sustains jobs, and enhances consumer convenience. Moreover, such an expiration would disrupt business operations and mark a significant setback for an industry that has implemented these measures responsibly and successfully since their enactment."

Prior legislation. AB 342 (Haney) of 2025. This bill would authorize, until January 1, 2031, on-sale licensees to sell alcoholic beverages on any state holiday, as specified, and on every other Friday or Saturday, between the hours of 2 a.m. and 4 a.m. in a Hospitality Zone or a Special Event Hospitality Zone, as specified. (Senate Committee on Governmental Organization)

SB 495 (Dodd) of 2024. This bill would have authorized ABC to issue a consumer delivery service permit, which would allow the permittee to deliver alcoholic beverages on behalf of an alcohol licensee, as specified. In addition, this bill removes certain requirements related to cocktails to-go including the requirement that the order be picked up by the consumer. (Assembly Committee on Appropriations - Held under submission)

AB 2615 (McKinnor) of 2024. This bill would have authorized an on-sale licensee located in an airport terminal to obtain a COVID-19 Temporary Catering Authorization (TCA) and sell alcoholic beverages for consumption in an expanded license area that includes the airside terminal space. (Assembly Committee on Appropriations - Held under submission)

AB 3206 (McKinnor), Chapter 977, Statutes of 2024. Allowed, until January 1, 2030, the sale of alcoholic beverages between 2 a.m. and 4 a.m. at a specified location within Intuit Dome in the City of Inglewood, if specified requirements are completed.

SB 969 (Wiener), Chapter 869, Statutes of 2024. Authorized specified licensees to allow consumers to leave the licensed premises with open containers of alcoholic beverages for consumption off the premises within an entertainment zone, as specified.

SB 76 (Wiener), Chapter 700, Statutes of 2023. Authorized the City and County of San Francisco to create “Entertainment Zones” where people may carry and consume alcoholic beverages on public streets, sidewalks, and public rights-of-way adjacent to and during special events licensed by ABC. Beer manufacturers, winegrowers, and on-sale licensees located in entertainment zones would be authorized to sell open alcoholic beverages for consumption off the premises within the local jurisdiction-approved entertainment zone, if specified conditions are satisfied.

SB 846 (Dodd) of 2022. This bill would have established a new license type issued by ABC for a consumer delivery service permit (Type 95), allowing a licensee with off-sale retail privileges or a permit holder, on the licensee’s behalf, to deliver alcoholic beverages to a consumer. This bill also adds the holder of an on-sale general license (generally, a bar) to the list of licensees authorized to sell alcoholic beverages for offsite consumption and repeals the requirement that such sales be picked up (not delivered to) a consumer and done in conjunction with a bona fide meal. (Assembly Committee on Appropriations - Held under submission)

SB 793 (Wiener), Chapter 468, Statutes of 2022. Established a “music venue license” (designated as a Type 90 license) to be issued by the ABC to a music entertainment facility that may be open to all ages and provide alcoholic beverage service only to adults, including beer, wine, and distilled spirits. Alcoholic beverages may only be consumed on the premises during the time period from two hours before a live performance at the venue until one hour after the live performance. The bill established fees in connection with the license and creates a license exchange program that allows a Type 47 or Type 48 license to be exchanged for a Type 90 license.

SB 930 (Wiener) of 2022. Would have, beginning January 1, 2025, and before January 2, 2028, required the ABC to conduct a pilot program that issues an additional hours license to an on-sale licensee located in a qualified city (cities of Palm Springs, West Hollywood and the City and County of San Francisco), authorizing the licensee to serve alcoholic beverages at the licensed premises between the hours of 2 a.m. and 4 a.m. on Saturdays and Sundays and specified holidays, and between the hours of 2 a.m. and 3 a.m. on all other days, upon completion of specified requirements. (Failed passage on Assembly floor)

SB 1315 (Cortese) of 2022. Would have authorized the ABC to issue a consumption area permit to a person in the City of San Jose who owns, operates or manages a privately owned commercial area of a specified size (Santana Row), which allows a consumer to leave a licensed premises with alcoholic beverages for consumption in a specified area. (Assembly Committee on Appropriations - Held under submission)

SB 389 (Dodd), Chapter 657, Statutes of 2021. See above-mentioned description of the measure.

AB 61 (Gabriel) of 2020, Chapter 651, Statutes of 2021. Authorized ABC, for 365 days from the date the Covid-19 pandemic state of emergency proclaimed by the Governor is lifted, to allow licensees to continue to exercise license privileges in an expanded licensed area authorized pursuant to a COVID-19 Temporary Catering Authorization, as provided. In addition, the bill

authorizes a permitted food facility to prepare and serve food as a temporary satellite food service without obtaining a separate permit for up to one year after the end of the state of emergency declared in response to the COVID-19 pandemic or until January 1, 2024, whichever comes first.

SB 314 (Wiener) of 2021, Chapter 656, Statutes of 2021. Authorized the ABC to, for 365 days from the date the Covid-19 state of emergency is lifted, allow licensees to continue to exercise license privileges in an expanded licensed area authorized pursuant to a Covid-19 temporary catering authorization, as provided. In addition, this bill allows a licensed manufacturer to share a common licensed area with multiple licensed retailers, as specified. Finally, this bill increases the number of times, from 24 to 36 in a calendar year, that the ABC can issue a caterer's permit for use at any one location.

SB 254 (Portantino) of 2018. Would have prohibited a certified delivery network, as defined, from delivering alcoholic beverages sold by an off-sale retail licensee to persons within this state without first obtaining a license issued by the ABC. (Never heard by the Assembly Governmental Organization Committee)

AB 1470 (Evans), Chapter 535, Statutes of 2009. Allowed a person who has purchased and partially consumed a bottle of wine to remove the partially consumed bottle from the premises of an on-sale beer and wine public premises licensee.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

American Petroleum and Convenience Store Association  
California Restaurant Association  
California Retailers Association  
Distilled Spirits Council of the United States

**Opposition**

None on file.

**Analysis Prepared by:** Eric Johnson / G.O. / (916) 319-2531