
SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

Senator Susan Rubio

Chair

2025 - 2026 Regular

Bill No: AB 2663 **Hearing Date:** 6/9/2026
Author: Rogers, et al.
Version: 4/13/2026 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Felipe Lopez

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

DIGEST: This bill extends, until December 31, 2031, existing law that authorizes the holder of an on-sale license for a bona fide public eating place to sell alcoholic beverages for off-sale consumption under certain conditions.

ANALYSIS:

Existing law:

- 1) Establishes the Department of Alcoholic Beverage Control (ABC) and grants it exclusive authority to administer the provisions of the ABC 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) Provides, under the ABC Act, for the issuance of various alcoholic beverage licenses, including the imposition of fees, conditions, and restrictions in connection with the issuance of those licenses.
- 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) 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.

- 5) Allows 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.
- 6) 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.
- 7) 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.
- 8) Defines an “on-sale” license as authorizing the sale of all types of alcoholic beverages: namely, beer, wine, and distilled spirits, for consumption on the premises (such as at a restaurant or bar). An “off-sale” license authorizes the sale of all types of alcoholic beverages for consumption off the premises in original, sealed containers.
- 9) 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 convenience for cooking and 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 and said premises and must comply with all the regulations of the local Department of Health.
- 10) Authorizes, until December 31, 2026, specified on-sale licensees that operate a bona fide public eating place to sell distilled spirits for off-sale consumption for which their license permits on-sale consumption if the beverages are in manufacturer-prepared containers, and ordered and picked up by the consumer. This bill authorizes a licensee to sell the 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 container if specified conditions are met.

This bill extends, until December 31, 2031, existing law that authorizes the holder of an on-sale license for a bona fide public eating place to sell alcoholic beverages for off-sale consumption under certain conditions.

Background

Author Statement. 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 small family-run businesses that adapted 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."

ABC Regulatory Relief and Current Authorization. On March 19, 2020, the Department of ABC issued its first regulatory relief designed to support the restaurant industry in its efforts to assist California in slowing the spread of the COVID-19 virus. Among other things, the first regulatory relief allowed licensees with on-sale privileges the privilege of selling those alcoholic beverages for off-sale consumption in manufacturer pre-packaged containers as to which their license permits on-sale consumption.

For example, a Type 47 restaurant was allowed to sell beer, wine, and 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 meal provider. 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 warning in a manner that put consumers on notice of limitations regarding open container laws.

While the 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 being sold and delivered to persons under the age of 21. Restaurants are still fully responsible for ensuring that any customer who purchases alcoholic beverages are of legal age regardless of whether that customer purchases 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 is delivered to their home. This regulatory relief was initially set to expire on December 31, 2021.

In 2021, SB 389 (Dodd, Chapter 657, Statutes of 2023) was signed into law by Governor Newsom. The bill codified regulatory relief similar to that provided by the Department of ABC through Regulatory Relief Notices issued during the COVID-19 pandemic. Specifically, the bill authorized specified restaurants with bona fide public eating places to sell distilled spirits in manufacturer-sealed containers, such as cans or bottles, for off-site consumption, provided the order is picked up by the consumer and the consumer presents bona fide identification.

The bill also authorized those same licensees to sell distilled spirits and single-serving wine beverages that are not in manufacturer-sealed containers, such as cocktails or margaritas, for off-site consumption when sold in conjunction with a meal and picked up by the consumer upon presentation of identification. These sales are subject to additional requirements, including a two-drink-per-meal limit and packaging requirements designed to prevent immediate consumption, such as secure lids or caps and tamper-evident sealing.

Prior to exercising the privilege to sell nonmanufacturer-sealed alcoholic beverages for off-site consumption, eligible licensees must notify the Department of ABC of their intent to do so. The department may restrict or prohibit these privileges by imposing license conditions under specified circumstances. These provisions are scheduled to sunset on December 31, 2026.

This bill extends the sunset date until December 31, 2031.

A Growing Trend. According to the National Restaurant Association's 2021 State of the Restaurant Industry Report, alcohol sales for takeout and delivery became an important source of revenue for restaurants during and after the COVID-19 pandemic. The report found that approximately 70 percent of full-service restaurants and about half of fast-casual restaurants offered alcoholic beverages for takeout or delivery. In addition, 58 percent of consumers surveyed stated that the ability to purchase alcoholic beverages with takeout orders significantly influenced their restaurant choices. The report also further reported that restaurant operators

anticipate alcohol-to-go sales will continue to account for an average of 21 percent of total alcohol sales.

As of early 2026, more than 30 states and the District of Columbia have enacted laws permanently authorizing alcohol-to-go that were initially allowed on a temporary basis during the pandemic. Additionally, at least 33 states and the District of Columbia now permit third-party delivery services to deliver alcoholic beverages.

On-Sale and Off-Sale Licenses. The Department of 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.

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. Some examples of “off-sale” businesses include liquor stores or grocery stores that sell alcoholic beverages. In addition, some licenses include both “on-sale” and “off-sale” privileges. Some examples are wineries and craft distilleries.

Suggested Amendments. As currently drafted, the bill would extend the sunset date on the authorizations for restaurants to sell certain alcoholic beverages for off-sale consumption until December 31, 2031. To ensure that the existing safeguards are functioning as intended and to afford the Legislature an earlier opportunity to review the pilot program, the committee may wish to amend the bill to instead extend the sunset date to December 31, 2029. This earlier date would provide the Legislature with an opportunity to more promptly address the provisions established under SB 389 (Dodd, Chapter 657, Statutes of 2021) should any unintended consequences emerge.

Prior/Related Legislation

SB 495 (Dodd, 2024) would have authorized the Department of ABC to issue a consumer delivery service permit, which would allow the permittee to deliver alcoholic beverages on behalf of an alcohol license, as specified. In addition, the bill would have removed certain requirements related to alcohol-to-go including

the requirement that the order be picked up by the consumer. (Held in the Assembly Appropriations Suspense File)

SB 969 (Wiener, Chapter 869, Statutes of 2024) authorizes 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 389 (Dodd, Chapter 657, Statutes of 2021) authorizes, until December 31, 2026, specified on-sale licensees that operate a bona fide public eating place to sell distilled spirits of off-sale consumption for which their license permits on-sale consumption if the beverages are in manufacturer-prepared containers, and ordered and picked up by the consumer. This bill authorizes a licensee to sell the 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 if specified conditions are met.

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 1315 (Cortese, 2022) would have authorized the Department of 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. (Held in the Assembly Appropriations Suspense File)

AB 1470 (Evans, Chapter 535, Statutes of 2009) allows 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.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT:

California Restaurant Association (Source)
American Petroleum and Convenience Store Association
California Travel Association
California Downtown Association
California Retailers Association
Capitol Business Alliance
Distilled Spirits Council of the United States
Family Winemakers of California
Golden Gate Restaurant Association
Sacramento Metropolitan Chamber of Commerce
Wine Institute

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the California Restaurant Association, “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 patron’s dining habits and expectations have resulted in becoming a crucial part of many neighborhood restaurants, breweries, wineries, and craft distiller’s operations. AB 2663 is both timely and reasonable – without this extension, the authorization is set to expire on December 31, 2026, which would eliminate a widely used and effective tool that supports neighborhood restaurants and helps meet consumers’ demands.”