

businesses, generating increased tax revenue, and driving the growth of the hospitality industry.” This bill is supported by the City of Watsonville and regional businesses.

- 2) **Limited On-sale General Licenses.** An on-sale general license for a business primarily serving food as a “bona fide eating place” (Type 47) allows the licensee to also serve beer, wine and distilled spirits for consumption on the licensed premises. Existing law limits the number of new on-sale general licenses ABC may issue based on the population growth of the county in which the licensed premises are located. The ratio is one on-sale general license for each 2,000 residents. Because many counties have reached their caps, businesses seeking a license may need to buy one on the secondary market, which can cost up to \$400,000. While ABC’s formula generally works for most counties, demand for licenses far outweighs the population-based allotment in some counties, generally due to the county’s slower population growth or the local economy’s reliance on tourism.

AB 471 (Ting), Chapter 442, Statutes of 2017, created a new neighborhood-restricted on-sale general license (Type 87) and allowed ABC to issue a total of 30 new Type 87 licenses, with up to five licenses issued per year and a certain number of licenses reserved for enumerated census tract corridors in the City and County of San Francisco. AB 2359 (Ting), Chapter 393, Statutes of 2024, subsequently increased the total allowable number of Type 87 licenses in San Francisco to 40. Similarly, AB 828 (M. Gonzalez), Chapter 715, Statutes of 2025, created a 40-license Type 87 license program for certain neighborhoods in the County of Los Angeles, but allows the licenses to be issued at a much faster pace of up to 12 licenses per year. This bill creates another similar, but smaller, Type 87 license program for certain neighborhoods in the County of Santa Cruz, authorizing ABC to issue up to five neighborhood licenses within specified census tracts in the County of Santa Cruz per year until a total of 12 neighborhood licenses have been issued.

- 3) **Related Legislation.** AB 445 (Aguilar-Curry), Chapter 153, Statutes of 2025, authorizes ABC to issue up to 10 additional Type 47 licenses in the County of Colusa.

AB 1008 (Addis), Chapter 568, Statutes of 2025, authorizes ABC to issue up to 10 additional Type 47 licenses in the County of San Luis Obispo, but no more than five licenses per year.

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