
THIRD READING

Bill No: AB 445
Author: Aguiar-Curry (D)
Amended: 9/4/25 in Senate
Vote: 21

SENATE GOVERNMENTAL ORG. COMMITTEE: 14-0, 6/10/25

AYES: Padilla, Valladares, Ashby, Blakespear, Cervantes, Dahle, Hurtado, Jones,
Ochoa Bogh, Richardson, Rubio, Smallwood-Cuevas, Wahab, Weber Pierson

NO VOTE RECORDED: Archuleta

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/29/25

AYES: Caballero, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 75-0, 5/19/25 - See last page for vote

SUBJECT: Alcoholic beverages

SOURCE: Author

DIGEST: This bill authorizes the Department of Alcoholic Beverage Control (ABC) to issue no more than 10 new original on-sale general licenses for bona fide public eating places in the County of Colusa, as specified. Additionally, this bill extends a current tied-house exception, until January 1, 2029, which authorizes a beer manufacturer to give, free of charge, up to five cases of retail advertising glassware to an on-sale retail licensee, per licensed location, each calendar year, and authorizes an on-sale retail licensee to accept, free of charge, up to 10 cases of retail advertising glassware, per licensed location, from licensed beer manufacturers each calendar year, subject to specified conditions.

Senate Floor Amendments of 9/4/25 extend the sunset, currently set to expire on January 1, 2026, that allows beer manufacturers to provide free branded glassware to on-sale retailers. The amendments also add chaptering out language.

ANALYSIS:

Existing law:

- 1) Establishes the Department of 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 in this State and the collection of license fees.
- 2) Provides that the Department of ABC must deny an application for a license if issuance would create a law enforcement problem, or if issuance would result in, or add to, an undue concentration of licenses in the area where the license is desired. However, for liquor stores and other specified retail licenses, the Department of ABC is authorized to issue a license if the respective local government determines that public convenience or necessity would be served by granting the license.
- 3) Caps the number of new on-sale and off-sale general licenses issued by the Department of ABC. The ratios are one on-sale general license for each 2,000 persons in the county in which the premises are situated and one off-sale general license for each 2,500 persons.
- 4) 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) and an “off-sale” license as authorizing the sale of all types of alcoholic beverages for consumption off the premises in original, sealed containers.
- 5) 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.
- 6) Authorizes, beginning January 1, 2017, the Department of ABC to issue no more than five new original neighborhood-restricted special on-sale general

licenses, for premises located within specified City and County of San Francisco neighborhoods, subject to certain requirements and restrictions.

- 7) Authorizes, beginning January 1, 2018, the Department of ABC to issue no more than five new original neighborhood-restricted special on-sale general licenses per year, until a total of 30 licenses are issued, to premises located in any of the census tracts, as specified, within the City and County of San Francisco. Subsequent legislation increased the total number of these type of specific licenses to 40 total licenses.
- 8) Authorizes, beginning on January 1, 2023, the Department of ABC to issue up to 10 new original on-sale general licenses for bona fide public eating places in both the County of El Dorado and in the County of Shasta, as specified.
- 9) Prohibits an alcoholic beverage licensee from giving any premium, gift, or free goods in connection with the sale or distribution of any alcoholic beverage, except as authorized by rules adopted by ABC.
- 10) Authorizes until January 1, 2026, a beer manufacturer to give, free of charge, up to five cases of retail advertising glassware to an on-sale retail license, per license location, each calendar year, and authorizes an on-sale retail licensee to accept, free of charge, up to 10 cases of retail advertising glassware, per licensed location, from licensed beer manufacturers each calendar year, subject to specified conditions.

This bill:

- 1) Authorizes the Department of ABC to issue no more than a total of 10 new original on-sale general licenses for bona fide public eating places in the County of Colusa, as specified.
- 2) Provides that this bill does not prohibit a person that currently holds a valid on-sale general license for seasonal business from applying for an original on-sale general license.
- 3) Prohibits a license issued under this bill from being transferred from one county to another or from being transferred to any premises not qualifying under the provisions of this bill.
- 4) Provides that no license issued under this bill shall be sold or transferred for a price greater than the original fee paid by the seller.

- 5) Authorizes the Department of ABC to designate licenses issued by the provisions of this bill as on-sale general for special use.
- 6) Extends the current tied-house exception, until January 1, 2029, which authorizes a beer manufacturer to give, free of charge, up to five cases of retail advertising glassware to an on-sale retail licensee, per licensed location, each calendar year, and authorizes an on-sale retail licensee to accept, free of charge, up to 10 cases of retail advertising glassware, per licensed location, from licensed beer manufacturers each calendar year, subject to specified conditions.

Background

Author Statement. According to the author's office, "for over 20 years, Colusa County has not received any new general alcoholic beverage licenses, creating a significant barrier for new businesses looking to open or existing ones hoping to expand their offerings. AB 445 will help promote economic development in Colusa County by authorizing the Department of ABC to issue ten additional general alcoholic beverage licenses in Colusa County, ensuring small businesses have a fair opportunity to grow and thrive."

Type 47 Alcohol License. An on-sale general eating-place license, or Type 47 license, authorizes the consumption of beer, wine, and distilled spirits for consumption on the licensed premises. The licensee is required to operate and maintain the licensed premises as a bona fide eating-place, which must include suitable kitchen facilities. The licensee must make actual and substantial sales of meals for consumption on the premises. Generally, this means that the business must generate at least 51% of all gross sales from food. As such, a Type 47 license is one of the most common types of liquor licenses for restaurants in California.

Some common businesses that use the Type 47 license include full-service restaurants, hotels and resorts, bowling alleys, golf courses and other eating establishments. As of March 19, 2025, there were approximately 16,175 on-sale general (Type 47) licenses statewide.

Alcohol License Limitation. Existing law provides for a limitation on the number of new on-sale general licenses that may be issued in a given year by the Department of ABC 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. For example, if a county grows by 10,000 people in a given year, the Department of ABC will issue five new licenses in that county.

If the Department of ABC receives more applications than there are licenses available, a public drawing is held. To participate in such a drawing, an applicant must have been a resident of California for at least 90 days prior to the date of the scheduled drawing. Successful drawing participants will be notified that they have 90 days to complete a formal application for their specific premises. The cost of these new licenses is \$15,835 each.

Individuals seeking to open a full-service restaurant with a bar or cocktail menu who fail to obtain a liquor license through this process typically must locate an existing licensed owner willing to sell their license. Usually, that is done by contacting a liquor license broker. The cost of obtaining a license on the secondary market is driven by supply and demand and can reach upwards of \$300,000 to \$400,000 in certain counties. In Colusa County, a Type 47 license generally ranges from \$75,000 to \$100,000 on the open market.

Impact on Cities/Counties. As previously noted, when a county experiences a population growth, the Department of ABC issues additional licenses based on the population growth; currently 2,000 residents per one on-sale license. While this system tends to work for some counties, there are a substantial number of counties where the demand for alcohol licenses far outweighs the current number of alcohol licenses in those counties. The reasons for the lack of licenses are generally a lack of population growth or because of the amount of tourism in the particular county, which results in higher demand for these types of businesses.

For example, in Napa County the number of visitors to Napa continues to increase while the population of the county has not grown. While the majority of visitors to Napa take day trips, more than one million of these visitors spend at least one night in local lodgings. Tourism has therefore become one of the major economic drivers in the region. While legislation in 2017 authorized the issuance of five additional license over a four-year span, demand far outweighs the availability of these licenses. In 2018 for instance, while the Department of ABC issued five new licenses to Napa, there were a total of 38 applications for those five licenses.

According to the Department of ABC, in 2022 there were 31 counties that were eligible for more licenses because of population growth and 27 counties that were not eligible for more licenses because of a lack of population. Of those 27 counties, five counties received a handful of licenses through special legislation.

Issuance of Additional Licenses. Over the years, various counties have sponsored legislation to authorize the Department of ABC to issue additional Type 47

licenses in their county. Like this bill, previous bills also prohibit the sale of these licenses from being sold for a price greater than they were obtained from the department and prohibit the license from being transferred between counties.

Generally, these bills receive unanimous support in the Legislature and are signed into law. Once those bills become law, the Department of ABC, if there are more applicants than there are licenses available to be issued, holds a random drawing that establishes priority rankings to apply for alcohol licenses. Applicants must still go through the normal application process, which includes local posting requirements and pay all appropriate fees.

Tied-House Laws. As noted, Tied-house laws separate the alcoholic beverage industry into a three-tier license system (manufacturer, wholesaler, and retailers) and generally prohibit alcoholic beverage licensees from giving any gift in connection with the sale or distribution of an alcoholic beverage.

The original policy rationale for this body of law was to (1) promote the state's interest in an orderly market; (2) prohibit the vertical integration and dominance by a single producer in the market place; (3) prohibit commercial bribery and to protect the public from predatory marketing practices; and, (4) discourage and/or prevent the intemperate use of alcoholic beverages. Exceptions to these restrictions have been enacted throughout the years in those specific instances where the Legislature determined that the public's interests are protected.

With respect to beer, existing law provides that premiums, gifts, or free goods, including advertising specialties that have no significant utilitarian value other than advertising, shall be deemed to have greater than inconsequential value if they cost more than \$0.25 per unit, or cost more than \$15 in the aggregate for all those items given by a single supplier to a single retail premises per calendar year. The Department of ABC Rule 106(e)(2) provides the following examples of the kinds of consumer giveaway items with "inconsequential" value: ash trays, bottle or can openers, litter or shopping bags, matches, recipe cards, pamphlets, pencils, post cards, hats, posters, bottle or can stoppers, etc.

In addition, AB 1133 (Low, Chapter 623, Statutes of 2019) authorized, until January 1, 2023, a beer manufacturer to give, free of charge, up to five cases of retail advertising glassware to an on-sale retail licensee, per licensed location, each calendar year, and authorizes an on-sale retail licensee to accept, free of charge, up to 10 cases of retail advertising glassware, per licensed location, from licensed beer manufacturers each calendar year, subject to specified conditions. In 2022, AB

2971 (G.O., Chapter 296, Statutes of 2022) extended that sunset until January 1, 2026. This bill will extend this sunset once again to January 1, 2029.

Prior/Related Legislation

SB 395 (Wiener, 2025) authorizes the Department of ABC to issue up to 20 additional new original on-sale general licenses for bona fide public eating places located within a designated hospitality zone, as specified, in the City and County of San Francisco, as specified. (Pending on the Governor's Desk)

AB 828 (Mark Gonzalez, 2025) authorizes the Department of ABC to issue no more than 12 new original neighborhood-restricted special on-sale general licenses per year to bona fide public eating places located in specified United States Census Bureau census tracts in the County of Los Angeles beginning on January 1, 2026, until a total of 40 new licenses have been issued, as specified. (Pending on the Senate Floor)

AB 1008 (Addis, 2025) authorizes the Department of ABC to issue no more than 10 new original on-sale general licenses for bona fide public eating places in the County of San Luis Obispo, as specified. (Pending on the Governor's Desk)

SB 1028 (Alvarado-Gil, 2024) would have authorized the Department of ABC, in counties that have reached its limit of on-sale general licenses, to issue up to 10 additional new original on-sale general licenses for bona fide eating-places, as specified. (Held in the Senate Appropriations Committee Suspense File)

AB 2359 (Ting, Chapter 393 Statutes of 2024) revised an existing exemption in law authorizing the Department of ABC to issue no more than five new original neighborhood restricted special on-sale general licenses (Type 87 licenses) per year, until a total of 40 licenses (currently 30) are issued, to premises located in specific census tracts within the City and County of San Francisco, as specified.

AB 2589 (Joe Patterson, Chapter 312, Statutes of 2024) authorizes the Department of ABC to issue up to 10 additional new original on-sale general licenses for bona fide public eating places located in a retail center, in both the County of El Dorado and the County of Placer, as specified.

AB 1668 (Patterson, Chapter 282, Statutes of 2023) authorizes the Department of ABC to issue no more than 10 new original on-sale general licenses for bona fide public eating places in the County of Placer, as specified.

SB 787 (Dahle, Chapter 113, Statutes of 2023) authorizes the Department of ABC to issue to more than 10 new original on-sale general licenses for bona fide public eating places in the County of Nevada, as specified.

AB 2971 (G.O., Chapter 296, Statutes of 2022) extended the sunset date on an existing provision in law that authorizes a beer manufacturer to give, free of charge, up to five cases of retail advertising glassware to an on-sale retail licensee, until January 1, 2029.

AB 1133 (Low, Chapter 623, Statutes of 2019) allowed, until January 1, 2023, a beer manufacturer to give up to five cases of glassware to an on-sale retail licensee, as specified.

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

According to the Senate Appropriations Committee, minor increases in licensing and enforcement workload to the department, which is anticipated to be absorbable with current resources (Alcohol Beverage Control Fund).

Additionally, the Department of ABC's activities are funded by regulatory and license fees and generally, the department does not receive support from the General Fund. New legislative mandates, although modest in scope, may in totality create new cost pressures and impact the department's operating costs and future budget requests.

SUPPORT: (Verified 9/4/25)

Family Winemakers of California

OPPOSITION: (Verified 9/4/25)

None received

ARGUMENTS IN SUPPORT: According to the Family Winemakers of California, "Colusa County has not received any new general alcoholic beverages licenses in 20 years, creating a significant barrier for new businesses looking to open or existing ones hoping to expand their offerings. AB 445 will help promote economic development in Colusa County by authorizing the Department of ABC to issue ten additional general alcoholic beverage licenses in Colusa County, ensuring small businesses have a fair opportunity to grow and thrive."

ASSEMBLY FLOOR: 75-0, 5/19/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Elhawary, Ellis, Fong, Gabriel, Gallagher, Garcia, Gipson, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Dixon, Flora, Jeff Gonzalez, Papan

Prepared by: Felipe Lopez / G.O. / (916) 651-1530

9/8/25 21:10:23

**** END ****