

CONCURRENCE IN SENATE AMENDMENTS

CSA1 Bill Id:AB 445 Author:(Aguilar-Curry)

As Amended Ver:September 4, 2025

Majority vote

SUMMARY

This bill would authorize 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. The bill would also extend a sunset (January 1, 2029), currently set to expire on January 1, 2026, that allows beer manufacturers to provide free branded glassware to on-sale retailers, as specified.

Major Provisions

- 1) Provides in the County of Colusa, the ABC may issue no more than a total of 10 additional new original on-sale general licenses for bona fide public eating places.
- 2) States as stipulated in the Alcoholic Beverage Control Act (Act), the ABC must adhere to the priority drawing process when issuing licenses.
- 3) Specifies that a person holding a valid on-sale general license for seasonal business is not prohibited from applying for licenses to be issued pursuant to this measure.
- 4) States the license shall not be transferred from one county to another, nor shall it be transferred to any premises not qualifying under this measure.
- 5) Provides the license shall not be sold or transferred for a price greater than the original fee paid by the seller or transferor.
- 6) Provides the ABC may designate licenses issued pursuant to this bill as on-sale general for special use. This designation does not alter any license privileges or restrictions, as specified.
- 7) Extend a sunset provision, currently set to expire on January 1, 2026 that permits beer manufacturers to provide free branded glassware to on-sale retailers, as specified.

Senate Amendments

- 1) Make a technical change.
- 2) Extend 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.
- 3) Add chaptering out language.

COMMENTS*Background.*

Type 47 alcohol license. A Type 47 license is specifically designated for businesses that primarily serve food ("bona fide eating place"). The license is meant for those who seek to serve beer, wine, and distilled spirits for consumption on the license premises. The license holder must maintain suitable kitchen facilities and 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. Minors are allowed on the premises. 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. There are 17,097 on-sale general (Type 47) licenses statewide.

Alcohol license limitation. There are more than 60 different types of ABC licenses authorized in California, each with its own set of privileges and obligations specific to the category of license involved. Existing law provides for a limit on the number of new on-sale general licenses the ABC may issue each year 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 specific year, the ABC will issue five new licenses in that county.

If the ABC receives more applications than there are licenses available, a public drawing is held. To take part in such a drawing, an applicant must have been a resident of California for at least 90 days prior to the scheduled drawing. ABC notifies successful drawing participants that they have 90 days to complete a formal application for their specific premises. The cost of these new licenses is \$17,335 each.

Individuals looking to open a full-service restaurant with a bar or cocktail menu who are unable to obtain a liquor license through the standard process must find a current license holder willing to sell theirs. This is typically done by working with an alcohol license broker. The price of acquiring a license on the secondary market is influenced by supply and demand and can be quite substantial in certain counties.

Over the years, various counties have sponsored legislation to authorize the 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 signed into law. Once those bills become law, the 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. 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. 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.

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. AB 445 of 2025 will extend this sunset once again to January 1, 2029.

According to the Author

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 ABC to issue ten additional general alcoholic beverage licenses in Colusa County, ensuring small businesses have a fair opportunity to grow and thrive."

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 ABC to issue 10 additional general alcoholic beverage licenses in Colusa County, ensuring small businesses have a fair opportunity to grow and thrive."

Arguments in Opposition

None received

FISCAL COMMENTS

According to the Senate Committee on Appropriations, "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 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."

VOTES:**ASM GOVERNMENTAL ORGANIZATION: 20-0-2**

YES: Blanca Rubio, Davies, Alvarez, Berman, Lowenthal, Carrillo, Dixon, Fong, Gipson, Macedo, McKinnor, Nguyen, Pacheco, Ramos, Michelle Rodriguez, Sanchez, Solache, Soria, Valencia, Wallis

ABS, ABST OR NV: Gabriel, Ta

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Sanchez, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache, Ta, Tangipa

ASSEMBLY FLOOR: 75-0-4

YES: 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

ABS, ABST OR NV: Dixon, Flora, Jeff Gonzalez, Papan

UPDATED

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