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# SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

Senator Steve Padilla

Chair

2025 - 2026 Regular

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<b>Bill No:</b>	AB 592	<b>Hearing Date:</b>	6/24/2025
<b>Author:</b>	Gabriel, et al.		
<b>Version:</b>	6/17/2025 Amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Felipe Lopez		

**SUBJECT:** Business: retail food

**DIGEST:** This bill, among other things, extends until January 1, 2029, the authority of the Department of Alcoholic Beverage Control (ABC) to permit licensees to exercise license privileges in an expanded license area authorized pursuant to a COVID-19 *Temporary* Catering Authorization (COVID-19 TCA) approved in accordance with the Fourth Notice of Regulatory Relief issued by the department on May 15, 2020. The bill also authorizes the Department of ABC to issue *new* COVID-19 TCAs until January 1, 2029. A COVID-19 *Temporary* Catering Authorization authorizes the on-sale consumption of those alcoholic beverages for which the licensee has on-sale privileges on property adjacent to the licensed premises, under the control of the licensee.

## 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.
- 2) Authorizes the issuance of a caterer's permit, upon application to the Department of ABC, to a licensee under an on-sale general license, an on-sale beer and wine license, a club license, or a veteran's club license, that authorizes the holder of the permit to sell alcoholic beverage at specified locations and events, including, among others, conventions, sporting events, and trade exhibits.
- 3) 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 alcoholic beverages for consumption off the premises in original, sealed containers.

- 4) Authorizes, until July 1, 2026, the Department of ABC, in response to the COVID-19 pandemic, to permit licensees to exercise license privileges in an expanded license area authorized pursuant to a COVID-19 TCA approved in accordance with the Fourth Notice of Regulatory Relief issued by the department, as specified.
- 5) Provides that until July 1, 2026, to the extent that an outdoor expansion of a business to mitigate COVID-19 pandemic restrictions on indoor dining interferes with required parking for existing uses, a local jurisdiction that has not adopted an ordinance that provides relief from parking restrictions for expanded outdoor dining areas shall reduce the number of required parking spaces for existing uses by the number of spaces that the local jurisdiction determines are needed to accommodate an expanded outdoor dining area.
- 6) Authorizes, until July 1, 2026, a permitted food facility within any local jurisdiction that is subject to retail food operation restrictions related to a COVID-19 public health response to prepare and serve food as a temporary satellite food service without obtaining a separate satellite food service permit or submitting written operating procedures.
- 7) Establishes the California Retail Food Code (CRFC) to provide for the regulation of retail food facilities. Establishes health and sanitation standards at the state level through the CRFC, while enforcement is charged to local agencies, carried out by the 58 county environmental health departments, and four city environmental health departments (Berkeley, Long Beach, Pasadena, and Vernon).
- 8) Defines a “food facility” to mean an operation that stores, prepares, packages, serves, or provides food for human consumption at the retail level, as specified. Includes in the definition of food facility private and public school cafeterias, commissaries, mobile food facilities, temporary food facilities, vending machines, catering operation, fishermen’s market, and host facility.
- 9) Requires each permanent food facility to be fully enclosed in a building consisting of permanent floors, walls, and an overhead structure that meet the minimum standards.

- 10) Defines a “satellite food service” to mean a remotely located food service operation that is conducted on the same property as, in reasonable proximity to, and in conjunction with and by, a fully enclosed permanent food facility. Satellite food service does not include remote food service operations located within a fully enclosed permanent food facility.
- 11) Authorizes, under the Planning and Zoning Law, the legislative body of any city or county to adopt ordinances that regulate zoning within its jurisdiction, as specified. Under that law, variances and conditional use permits may be granted if provided for by the zoning ordinance.

This bill:

- 1) Extends to January 1, 2029, the authority of the Department of ABC to permit licenses to exercise license privileges in an expanded license area authorized pursuant to a COVID-19 TCA approved in accordance with the Fourth Notice of Regulatory Relief issued by the department on May 15, 2020. This authority also includes the authority for the Department of ABC to issue *new* COVID-19 TCAs until January 1, 2029
- 2) Repeals the July 1, 2026, sunset date on the provisions of law requiring local jurisdictions that has not adopted an ordinance that provides relief from parking restrictions for expanded outdoor dining to reduce the number of required parking spaces for existing uses by the number of spaces that the local jurisdiction determines are needed to accommodate an expanded dining area to mitigate COVID-19 pandemic restrictions on indoor dining.
- 3) Repeals the July 1, 2026, sunset date on the provisions of law authorizing a permitted food facility within any local jurisdiction that is subject to retail food operation restrictions related to a COVID-19 public health response to prepare and serve food as a temporary satellite food service without obtaining a separate satellite food service permit or submitting written operating procedures, as specified.
- 4) As an exception to existing law requiring a permanent food facility to be fully enclosed, the bill authorizes a food facility to use open windows, folding doors, or non-fixed store fronts during hours of operation.
- 5) Makes various technical and conforming changes.

## Background

*Author Statement.* According to the author's office, "community restaurants are the heart and soul of California, offering vibrant and diverse dining experiences. These beloved restaurants are not just places to eat but they are also centers of culture and connection. After the devastating impact of the COVID-19 pandemic, many are still struggling to stay afloat. Rising costs, escalating labor costs, and inflation continue to threaten their existence. AB 592 is a lifeline for these essential small businesses, providing much-needed relief by cutting through unnecessary red tape and simplifying regulations."

*Fourth Notice of Regulatory Relief.* On March 15, 2020, the Department of ABC issued its Fourth Notice of Regulatory Relief, which was intended to assist qualified hospitality businesses with reopening in a manner that is consistent with local and state health and safety directives. The notice created the COVID-19 Temporary Catering Authorization Permit, which authorizes the on-site consumption of those alcoholic beverages for which the licensee has on-sale privileges; on property that is adjacent to the licensed premises and that is under the control of the licensee. As the name suggests, the intent of the permit was to *temporarily* allow licensees the ability to safely operate during the COVID-19 pandemic.

A qualified business was required to apply to the Department of ABC and include a diagram, which clearly identifies where the requested area is in relation to the existing licensed premises. Prior to submitting an application, the licensee is responsible for, among other things, ensuring they have the legal authority to use the area requested, ensuring that the temporary expansion request has the approval of local agencies, and ensuring the temporary expansion request is being made in accordance with applicable city, county, and state guidelines regarding social distancing and the legality of the business being open for in-person service.

Once approved, the licensee is authorized to exercise only those privileges authorized by the licensee's license and shall comply with all provisions of the ABC Act pertaining to the conduct of on-sale premises. Violations of these provisions, as well as the terms and conditions of the COVID-19 TCA, may be grounds for suspension or revocation of the licensee's license, as though the violation occurred on the licensed premises.

If the temporarily authorized area is being utilized by one or more other licensees, all licensees sharing the area are jointly responsible for compliance with all applicable laws and rules pertaining to their respective licenses and authorizations and for any violations that may occur within the shared common temporarily authorized area. If at any point a licensee wants to terminate its liability for a

shared area, it must cancel its COVID-19 TCA. The COVID-19 TCA may be further canceled by the Department of ABC for disturbance of the quiet enjoyment of nearby residents and upon objection by local law enforcement.

Given the need to quickly issue these permits due to the COVID-19 Pandemic, the Department of ABC issued, what were supposed to be temporary permits, with little to no evaluation. In less than one year the Department of ABC issued approximately 10,500 COVID-19 TCAs to allow businesses to operate during the COVID-19 Pandemic.

In 2021, two bills, AB 61 (Gabriel, Chapter 651, Statutes of 2021), and SB 314 (Wiener, Chapter 656, Statutes of 2021) authorized the Department of ABC, for 365 days from the date the COVID-19 state of emergency is lifted, to allow licensees to continue to exercise license privileges in an expanded licensed area authorized pursuant to a COVID-19 TCA. Both bills additionally authorized the Department of ABC to extend the period of time during which this authority is valid beyond the 365 days if the licensee has filed a pending application with the department for the permanent expansion of their premises before the 365 day time period expires. This authority was initially set to expire on July 1, 2024. In 2023, Governor Newsom signed AB 1217 (Gabriel, Chapter 569, Statutes of 2023) extending those provisions until January 1, 2026.

This bill extends those provisions until January 1, 2029. It should also be noted that the bill not only continues to allow licensees to operate under their existing COVID-19 TCA until January 1, 2029, the bill also continues to allow licensees to obtain a new COVID-19 TCA.

*Current Regulations and Differences.* On December 22, 2023, the Office of Administrative Law approved regulations adopted by the Department of ABC that authorizes and establishes standards for the permanent licensure of areas that are non-contiguous to an existing licensed premises. The purpose of the regulations is intended to support the permanent licensure of areas in reasonable proximity, but not contiguous to or operating independently from, the primary licensed area. Prior to these regulations, the Department of ABC already had a process that allows licensees to expand their premises in areas contiguous to their licensed premises. Some key differences between permanently licensed non-contiguous areas compared to a COVID-19 TCA includes the following:

- 1) COVID-19 permitted areas have no proximity requirements to the premises, while the regulation requires a permanent non-contiguous area not to be further than 25 feet from the premises.

- 2) The regulation prohibits permanent non-contiguous areas from being separated from the premises by a roadway that is open to vehicular traffic when the area is open and operating. No such prohibition exists as it relates to COVID-19 TCA.
- 3) The regulation requires that non-contiguous licenses must be “actively monitored”, which is defined to mean the space is either observable from within the premises, or the space is not left unattended for more than five minutes at a time. The goal is to protect against underage drinking and overconsumption. No such requirement applies to the COVID-19 TCAs.
- 4) Under the permanent process the Department of ABC, is required to evaluate, among other things, any city or county zoning requirements for the jurisdiction within which the licensed premises is located, the use of the non-contiguous area when it is not open and operating, and the proximity to neighboring business or residents

The Department of ABC worked closely with the California Restaurant Association, the sponsor of this bill, in developing these regulations. The regulation became effective on April 1, 2024, and licensees may now apply to ABC to license such non-contiguous areas. The committee is not aware of any challenges faced by licensees in applying under this new permanent process.

*Committee Amendment.* As stated above, during the COVID-19 pandemic, the Department of ABC issued what was supposed to be a *temporary* regulatory relief that allowed licensees who sell alcohol to consumers for consumption on the licensed premises to obtain a COVID-19 TCA.

According to the Department of ABC, by 2021 approximately 10,500 of these permits were issued. Since then, the Department of ABC has issued an additional 750 of these permits. Last year, the Department of ABC issued only issued 127 new COVID-19 permits. Given that the Department of ABC has issued regulations intended to support the permanent licensure of areas in reasonable proximity, and given that COVID-19 restrictions have long since been lifted, the author has agreed to amend the bill as follows:

*The department shall not issue any new COVID-19 Temporary Catering Authorizations beginning January 1, 2027.*

The amendment would still allow all current licensees with a COVID-19 TCA to continue to operate under their COVID-19 TCA until January, 1 2029. By setting a date by which the Department of ABC would not issue any new licenses, it will begin the process of moving these licensees to permanent licensing under the new permanent licensing structure. This will ensure uniformity across the industry, ensuring that licensees operate under the same rules and regulations.

*Satellite Food Service.* Satellite food service is a remotely located food service operation that is conducted on the same property as, in reasonable proximity to, and in conjunction with and by, a fully enclosed permanent food facility. Examples of satellite operations are the food service in booths, on the street or in other locations on the same property or fairly close to where the food is prepared at a fully licensed facility like a restaurant or a catering operation.

The CRFC requires a permanent food facility to obtain a permit to operate a satellite food service or operation. As part of this process, a permanent food facility is required to submit to the local enforcement agency a written standard operating procedures that include specified information including all food products that will be handled and dispensed; process or methods of food preparation and handling; how food would be transported to and from the permanent food facility and satellite food service. The CRFC also requires the satellite food service areas to have overhead protection that extends over all food handling areas.

In 2021, AB 61 (Gabriel, Chapter 651, Statutes of 2021) initially authorized, until January 1, 2024, a permitted food facility *within any local jurisdiction that is subject to retail food operation restrictions related to a COVID-19 public health response* to prepare and serve food as a temporary satellite food service without obtaining a separate satellite food service permit or submitting written operating procedures, as specified. In 2023, Governor Newsom signed AB 1217 (Gabriel, Chapter 569, Statutes of 2023) extending those provisions until January 1, 2026.

This bill repeals that sunset. While these provisions are under the jurisdiction of the Senate Health Committee, the committee will note that the current authorization seems to be contingent on a permitted food facility located “within any local jurisdiction that is subject to retail food operation restrictions related to a COVID-19 public health response.” Given that COVID-19 restrictions have been lifted, the committee is not aware of any food facility that is currently subject to those restrictions. If that’s the case, by simply removing the sunset, the bill might not accomplish the goal that the author is seeking to accomplish.

*Permanent Food Facility Provisions.* Under existing law, permanent food facilities are required to be fully enclosed. This bill authorizes permanent food facilities to operate with open windows, folding doors, or non-fixed storefronts during business hours, provided the facility is fully enclosed during nonoperational hours.

While these provisions are under the Senate Health Committee, the committee will note that the California Association of Environmental Health Administrators (CAEHA) writes in opposition to this provision arguing that the current enclosure

requirement is intended to prevent contamination of exposed food. They argue that without proper enclosure, facilities are vulnerable to environmental contaminants such as windborne dust and debris, insects entering food preparation areas, and the introduction of vermin such as cockroaches or rodents. They further argue that these factors can lead to infestations and potential facility closures.

CAEHA also states that, “limited food preparation operations are subject to different standards, as they incorporate controls that mitigate these risks. For example, many permanent food facilities operate bar or beverage service areas that are open to the exterior, while maintaining a fully enclosed main kitchen. This setup complies with current regulations through the use of secondary barriers, such as doors and pass-through windows, as specified in code.”

### **Prior/Related Legislation**

SB 495 (Dodd, 2023) authorizes 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 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. (Held in the Assembly Appropriations Committee)

SB 314 (Wiener, Chapter 656, Statutes of 2021) authorizes the Department of 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 TCA, as provided. In addition, the bill allows a licensed manufacturer to share a common licensed area with multiple licensed retailers, as specified.

AB 61 (Gabriel, Chapter 651, Statutes of 2021) authorizes the Department of ABC, for 365 days from the date the Covid-19 state of emergency is lifted, to allow licensees to continue to exercise license privileges in an expanded licensed area authorized pursuant to a Covid-19 TCA, as provided.

SB 389 (Dodd, Chapter 389, Statutes of 2021) authorizes the holder of a retail on-sale license to sell alcoholic beverages for off-sale consumption for which their license permits on-sale consumption, as specified.

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



**SUPPORT:**

California Restaurant Association (Source)  
Asian Business Association  
Association of California Cities - Orange County (ACC-OC)  
Bavel Restaurant  
Bestia Restaurant  
Cal Asian Chamber of Commerce  
California Attractions and Parks Association  
California Downtown Association  
California Restaurant Association  
California Travel Association (CALTRAVEL)  
Cameo - California Association for Micro Enterprise Opportunity  
Central City Association  
Central City Association of Los Angeles  
Downtown Sacramento Partnership  
Downtown San Diego Partnership  
El Dorado County Chamber of Commerce  
El Dorado Hills Chamber of Commerce  
Elk Grove Chamber of Commerce  
Family Winemakers of California  
Folsom Chamber of Commerce  
Fresno Chamber of Commerce  
Golden Gate Restaurant Association (GGRA)  
Great White  
Hiho  
Inclusive Action for the City  
Independent Hospitality Coalition  
Jon & Vinny's  
Kitchen Culture Recruiting  
LA Supervisor Lindsey Horvath  
Latino Restaurant Association  
Lincoln Chamber of Commerce  
Los Angeles Area Chamber of Commerce  
Los Angeles County Business Federation (BIZ-FED)  
Los Angeles County Business Federation (BIZFED)  
Matu  
Maury's Bagels & Appetizing  
Oceanside Chamber of Commerce  
Office of Los Angeles County Supervisor Lindsey P. Horvath  
Public Counsel  
Rancho Cordova Chamber of Commerce

Rocklin Area Chamber of Commerce  
Roseville Area Chamber of Commerce  
Rossoblu  
Rustic Canyon  
Sacramento Mayor Kevin McCarty  
Sacramento Metro Chamber of Commerce  
Saffy's  
San Diego Regional Chamber of Commerce  
San Diego County Lodging Association  
San Marcos Chamber of Commerce  
Shingle Springs/Cameron Park Chamber of Commerce  
Steadfast LA  
Streets for All  
Superfine Playa  
Sushi Nozawa  
The Greater Los Angeles Hospitality Association  
The Lonely Oyster  
Uovo  
Valley Industry & Commerce Association  
Valley Industry and Commerce Association (VICA)  
Venice Chamber of Commerce  
West Hollywood Chamber of Commerce  
Yuba Sutter Chamber of Commerce  
Zephyr & Black

**OPPOSITION:**

California Association of Environmental Health Administrators  
California Council on Alcohol Problems  
Health Officers Association of California

**ARGUMENTS IN SUPPORT:** According to the California Restaurant Association, “AB 592 simply extends the timeline for restaurants to seek a ‘temporary catering authorizations’ from the [Department of ABC]. The ‘temporary catering authorization’ is a modified regulatory process developed during the COVID-19 pandemic in an attempt to lower regulatory costs and hurdles for neighborhood restaurants looking to serve alcohol in newly expanded – and often noncontiguous – outdoor dining areas. AB 592 will provide critical support to countless local outdoor dining programs up and down the state, by building on local programs such as the City of San Francisco’s ‘shared spaces’ program. These local programs have been a tremendous success – and have

proven to be incredibly valuable for so many community restaurants throughout the state.”

**ARGUMENTS IN OPPOSITION:** According to the California Association of Environmental Health Administrators, “a key pillar of food safety is the careful handling and preparation of ‘potentially hazardous foods’ which are defined in code. In order to assure appropriate temperature control and minimize contaminants, potentially hazardous foods must be prepared in an enclosed space with permanent floors, walls, and an overhead structure. Fully enclosed kitchens restrict rodents, flies, cockroaches, birds, dust as well as other animals and contaminants from entering areas where preparation processes occur like chopping, cutting, cooking, thawing and mixing foods. Protection from vermin, like rats, is more important than ever because California’s recent banning of certain rodenticides has resulted in record high vermin infestation in food facilities. AB 592 would eliminate the enclosed kitchen safeguard and potentially endanger the public’s health by removing language that is used to protect consumers from contaminated foods.”

**DUAL-REFFERAL:** Senate Governmental Organization Committee and Senate Health Committee