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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 720	<b>Hearing Date:</b>	7/8/2025
<b>Author:</b>	Rogers		
<b>Version:</b>	7/2/2025 Amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Felipe Lopez		

**SUBJECT:** Winegrowers and brandy manufacturers: privileges off-premises

**DIGEST:** This bill authorizes a licensed winegrower to apply for, and for the Department of Alcoholic Beverage Control (ABC) to issue an estate tasting event permit that would authorize the licensee to exercise its tasting room privileges at either a property adjacent to the licensed premises or a nonadjacent vineyard that is owned by the licensee, as specified. Additionally, the bill clarifies that the storage of wine or topping of wine barrels does not constitute offsite production or manufacturing by a licensed winegrower or brandy manufacturer.

**ANALYSIS:**

Existing law:

- 1) Establishes the Department of ABC and grants it exclusive authority to administer the provisions of the 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) 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 veterans' club license that authorizes the holder of the permit to sell alcoholic beverages at specified locations and events.
- 3) Requires the permit holder, for the above described provisions, to obtain consent from the Department of ABC for each event, in the form of a catering authorization and imposes a fee for the authorization based on the estimated attendance at each day of the event.

- 4) Imposes, for the above described provisions, various limitations, including prohibiting a catering authorization from being issued for use at any one premises for more than 36 events in one calendar year, except as specified.
- 5) Authorizes a licensed beer manufacturer to apply for, and the Department of ABC to issue, a beer caterer's permit, which allows the licensed beer manufacturer to sell beer manufactured by the licensee at specified locations and events, as specified.
- 6) Allows a licensed winegrower or brandy manufacturer, in addition to exercising all the privileges of their license at their licensed premises, to exercise all the license privileges at or from branch offices or warehouses, or United States bonded wine cellars located away from the place of production or manufacture, other than the following privileges:
  - a) Production or manufacture.
  - b) The sale of wine or brandy to consumers for consumption on the premises in a bona fide eating place.
- 7) Provides that the Department of ABC may issue to a winegrower or brandy manufacturer a duplicate of the original license for a location or locations other than the wine production or brandy manufacture premises. A duplicate license authorizes the maintenance and operation of each branch or warehouse or United States bonded wine cellar declared and designated by the winegrower or brandy manufacturer at the location for which the duplicate license is issued.
- 8) Authorizes a winegrower, among other things, to produce spirits of wine and blend those spirits of wine into wine produced by the winegrower or sell those spirits of wine to an industrial alcohol dealer or a distilled spirits manufacturer.

This bill:

- 1) Authorizes a winegrower licensee to apply to the Department of ABC for an estate tasting event permit. If approved, the permit would authorize the winegrower to exercise its tasting room privileges on both of the following:
  - a) Property adjacent to the licensed premises and owned or under the control of the licensee.
  - b) A nonadjacent vineyard that is owned or under the control of the licensee
- 2) Requires the licensee, for each tasting event, to obtain consent from the Department of ABC in the form of an estate tasting event authorization.

- 3) Prohibits an estate tasting event from being issued for more than 36 events per licensee in once calendar year.
- 4) Provides that at all approved events, the licensee may exercise only those privileges authorized by the licensee's license and shall comply with all provisions of the ABC act pertaining to conduct of the winegrower license. A violation may be grounds for suspension or revocation of the licensee's license or permit, or both, as though the violation occurred on the licensed premises.
- 5) Provides that the fee for an estate tasting event permit is \$200.
- 6) Clarifies that the storage of wine or topping of wine barrels does not constitute offsite production or manufacturing by a licensed winegrower or brandy manufacturer.

## Background

*Author Statement.* According to the author's office, "AB 720 is crucial for small, family-owned wineries that rely on traditional winemaking processes, including the aging and storage of wine in wooden barrels. This bill will provide clarification that the practice of 'topping off', or replacing evaporated wine in the storage barrels during the aging process, is not misclassified as a production activity, allowing this essential process to continue without unnecessary penalties."

Furthermore, the author's offices argues that, "the bill will allow winegrowers to hold a permit similar to a 'beer caterer's permit', allowing winegrowers to host tasting events outside the licensed premises on their property (essentially a 'pop-up tasting'), increasing customer interaction opportunities. Picture the beauty and interaction of having a tasting outside among the very vines that produced the wine you are drinking, rather than inside. These reforms can help a cherished industry in my district, which like many others right now, is facing economic uncertainty."

*Type 02 Alcohol License.* A Type 02 alcohol license in California, also known as a Winegrower license, is designed for individuals or businesses that produce wine. To qualify, the licensee must have the facilities and equipment necessary to convert fruit—typically grapes—into wine and must actively engage in wine production. This license allows for the sale of wine and brandy to wholesalers, retailers, and directly to consumers. It also authorizes the operation of an on-site tasting room, where wine can be sampled and sold, including by-the-glass or by-the-bottle.

Wineries holding a Type 02 license may obtain what is known as a Duplicate Type 02 license, which allows a winery to have a tasting room away from the facilities where the wine is made. Some wineries have tasting rooms both at the facility where they produce their wine and a tasting room at a different location. Either way, a winery may have no more than two off-site tasting room regardless of whether that winegrower is a bonded winery or a winery operating under an alternating proprietorship agreement. Currently, out of 6,837 total winegrower licenses in the state, there are 1,821 duplicate winegrower licenses.

According to the Wine Institute, the Department of ABC has recently interpreted the practice of topping off barrels as a production activity. As explained by the bill's supporters, evaporation of wine from wine barrels occurs naturally, requiring the addition of small amounts of wine to limit oxygenation and preserve wine quality. This traditional method of "topping off" barrels is a long-established industry practice. The current interpretation has meant that if Type 02 license holders have their barrel storage facility located on a separate property from their production facility, they could face administrative penalties for noncompliance with their license type if the activity at the barrel storage facility involves topping off barrels.

If a Type 02 licensee is unable to obtain another Type 02 license for the barrel storage facility, the Department of ABC advises them to obtain a Type 22 Wine Blender license. However, a winery holding a Type 22 license forfeits its eligibility to hold a retail license that they would otherwise qualify for. This is because Type 02 license holders benefit from a tied-house exemption, which allows wineries to hold certain retail licenses (such as a Type 47 – restaurant license). Since the Type 22 license does not offer this exemption, the more restrictive license type prevails, causing the winery to lose this privilege.

This bill, among other things, simply clarifies that the storage of wine or topping of wine barrels does not constitute offsite production or manufacturing by a licensed winegrower or brandy manufacturer.

*Caterer's Permit (Type 58).* Under current law, any licensee holding an on-sale beer and wine (Type 41, or 42), on-sale general (Type 47, 48 or 57), club (Type 50 or 51), or veterans' club (Type 52) may apply to the department for a caterer's permit. Each licensee may apply for only one caterer's permit that carries with it an annual fee. A Type 58 gives a licensee the ability to cater alcoholic beverages at any ABC-approved location in the State. The permit can provide an additional revenue stream for a bar or restaurant.

Service of food is not required at the catered event. Persons under the age of 21 may be allowed on the premises of a catered event unless the location of the event is normally prohibited from allowing minors. The site of a catered event may be an unlicensed building or grounds, a licensed building, or a separate room within a licensed building, as specified. If the site is licensed, that license must be surrendered to the Department of ABC during the period when the catered event is being held.

There is a limit of 36 catered events per year at any given location. An exception may be made if the licensee can clearly establish that additional events are in the best interest of the State and necessary to satisfy substantial public demand.

All licensees wishing to cater alcoholic beverages must obtain prior written authorization from the Department of ABC for each event. A caterer's permit carries with it an annual fee and authorizes the licensee to apply for catering authorizations. The fee for a catering authorization is separate from the annual caterer's permit fee and is dependent on the estimated attendance size of the catered event. This fee is collected for each day of the event that alcohol is being sold. At all approved events, the licensee may 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.

Last year, Governor Newsom signed AB 2174 (Aguiar-Curry, Chapter 308, Statutes of 2024) which authorizes a licensed beer manufacturer to apply for, and the Department of ABC to issue, a beer caterer's permit, which would allow the licensed beer manufacturer to sell beer manufactured by the licensee at specified locations and events, as specified.

This bill would similarly authorize a licensed winegrower to apply for, and for the Department of ABC to issue an estate tasting event permit that would authorize the winegrower to exercise its tasting room privileges at either property adjacent to the licensed premises or a nonadjacent vineyard that is owned by the licensee, as specified

*Estate Tasting Permit.* This bill allows a winegrower licensee to apply to the Department of ABC for an estate tasting event permit, which would enable them to hold tasting events either on property adjacent to the licensed premises or at a nonadjacent vineyard, as long as the property is owned or controlled by the licensee. Each event would require prior approval from the Department of ABC.

Licensees would be limited to 36 such events per calendar year. During these events, licensees must adhere strictly to the privileges and responsibilities of their

existing license under the ABC Act, with any violations treated as if they occurred on the licensed premises and subject to penalties, including suspension or revocation.

**Prior/Related Legislation**

AB 2174 (Aguiar-Curry, Chapter 308, Statutes of 2024) authorizes a licensed beer manufacturer to apply for, and the Department of ABC to issue, a beer caterer's permit, which would allow the licensed beer manufacturer to sell beer manufactured by the licensee at specified locations and events, as specified.

AB 2177 (McKinnor, Chapter 61, Statutes of 2024) authorizes a winegrower to sell spirits of wine to a licensee authorized to manufacture or rectify distilled spirits. The bill also modified what it means to "produce" distilled spirits to reference spirits of wine produced by a winegrower.

SB 788 (Ashby, Chapter 114, Statutes of 2023) removed the requirement that a beer manufacturer must annually produce at least 60,000 barrels of beer in order to manufacture cider or perry under their beer manufacturers license.

AB 1704 (Santiago, Chapter 375, Statutes of 2023) allows winegrowers to sell spirits of wine to a Type 4 license holder (distilled spirits manufacturer), as specified.

AB 239 (Villapudua, Chapter 192, Statutes of 2021) allows a licensed winegrower to sell or deliver wine in containers supplied, furnished, or sold by the customer at the winegrower's offsite tasting room.

SB 19 (Glazer, Chapter 274, Statutes of 2021) authorizes a licensed winegrower or brandy manufacturer to operate two off-site tasting rooms under its existing winegrower license.

AB 1649 (Chesbro, Chapter 129, Statutes of 2010) allows licensed winegrowers to produce spirits of wine under specified conditions without having to additionally obtain a distilled spirits manufacturer's license.

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

**SUPPORT:**

Wine Institute (Source)  
Anderson Valley Winegrowers Association

California Association of Winegrape Growers  
El Dorado Wines  
Family Winemakers of California  
Livermore Valley Wine Community  
Paso Robles Wine Country  
Russian River Valley Winegrowers  
Santa Barbara Vintners  
Temecula Valley Winegrowers Association  
Wineries of Santa Clara Valley  
Wine Road Sonoma County

**OPPOSITION:**

None received

**ARGUMENTS IN SUPPORT:** Supporters argue that, “recently, the Department of ABC has begun to interpret the practice of topping off barrels as a production activity. For instance when Type 02 winegrower license holders have their barrel storage facility on a separate property from their production facility, they risk being exposed to administrative penalties for noncompliance with their license type if the activity at the barrel storage facility includes topping off barrels. The only available solution to wineries is often to obtain a Type 22 Wine Blender license. In this circumstance, a winery that holds a Type 22 license forfeits their ability to hold a retail license for which they would otherwise be eligible. This is because Type 02 winegrower license holders enjoy a tied-house exemption allowing wineries to hold certain retail licenses (such as a Type 47 – restaurant), but since they Type 22 license contains no such exemption, the stricter license type prevails, and they surrender that privilege”

Furthermore, the Wine Institute states that, “the Wine Institute supports the new Estate Event Permit as it will allow wineries to offer new and distinctive tasting experiences for their customers. Creating indelible experiences is an important part of the industry recapturing its unique foothold in California’s culture.”