

Date of Hearing: April 2, 2025

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Blanca Rubio, Chair

AB 744 (Michelle Rodriguez) – As Introduced February 18, 2025

SUBJECT: Beer manufacturers: sale of draught beer

SUMMARY: This bill would exempt draught beer drawn at a premises operated under a beer manufacturer license from labeling requirements otherwise applicable to an on-sale retail license. Specifically, **this bill:**

1) Exempts a licensed premise operated under a beer manufacturer license from a current requirement in the Alcoholic Beverage Control Act (Act) that requires on-sale retail licensees that give, sell, or otherwise dispense draught beer to include specified information regarding the beer upon the faucet, spigot, or outlet from which the beer is drawn or in the place of service or consumption, as provided.

2) Makes technical and clarifying changes.

EXISTING LAW:

1) Establishes Department of Alcoholic Beverage Control (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) Defines “Beer” to mean any alcoholic beverage obtained by the fermentation of any infusion or decoction of barley, malt, hops, or any other similar product, or any combination thereof in water, and includes ale, porter, brown, stout, lager beer, small beer, and strong beer, but does not include sake, known as Japanese rice wine. Beer may be produced using the following materials as adjuncts in fermentation: honey, fruit, fruit juice, fruit concentrate, herbs, spices, and other food materials. Beer aged in an empty wooden barrel previously used to contain wine or distilled spirits shall be defined exclusively as “beer” and shall not be considered a dilution or mixture of any other alcoholic beverage. (Cal. Bus. & Prof. Code § 23006)

3) States that no retailer shall dispense any draught beer upon which the proper tap sign or draught beer sign is not displayed or the manufacturer or bottler of which has not complied with this article. The department may seize any draught beer displayed to the public in violation of this section and may dispose of the beer, as defined. (Cal. Bus. & Prof. Code § 25206)

4) Requires any on-sale retail licensee that gives, sells, or otherwise dispenses draught beer to include specified information about the beer upon the faucet, spigot, or outlet from which the beer is drawn or in the place of service and consumption, as provided. (Cal. Bus. & Prof. Code § 25613)

5) Allows the manufacture of beer for personal or family use, and not for sale by a person over the age of 21. The aggregate amount of beer with respect to any household shall not exceed 200 gallons or 100 gallons if only one adult resides in such household. (Cal. Bus. & Prof. Code § 23356.2)

6) 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 all types of alcoholic beverages for consumption off the premises in original, sealed containers.

FISCAL EFFECT: This bill has been keyed fiscal by Legislative Counsel.

COMMENTS:

Background.

For businesses operating in California, ABC issues and renews licenses, ensuring that all sales and service of beer (draft or otherwise) comply with state regulations, including those on serving minors, hours of service, and responsible alcohol service practices.

California has rules governing how beer is distributed from breweries or distributors to the retail location. These include requirements for labeling and reporting of alcohol transactions. California has specific regulations related to how draught beer taps must be supplied, installed and maintained, especially in terms of sanitation and cleanliness.

Generally, visitors to California’s breweries take a guided tour before the tasting portion occurs in the brewer’s taproom. Participants are shown the equipment and products that are used as well as an overview of the entire beer brewing process. This usually includes information such as why hops are used to make beer, and how the choice of grains and yeasts are integral to the finished product. Tours generally take 30-45 minutes, culminating with a guided beer tasting in the taproom where participants further learn about the different styles and processes while sampling specific draught beers. The tasting room of a licensed brewery often leaves its taps unmarked, as servers are typically well-acquainted with the variety of beers they produce and serve to the public.

What is draught beer? Draught beer, also referred to as draft beer or keg beer, is a type of beer that is served from a pressurized container or keg. This is in contrast to canned or bottled beer, which is kept under carbon dioxide pressure and sold in sealed containers. Draught beer is typically poured from a tap or spout, making it a popular choice for bars, restaurants, and other establishments. The process of serving draught beer involves several steps, including keeping the keg under carefully controlled conditions to maintain the optimal temperature, pressure, and carbonation levels. In short, draft beer is a pressurized beer that goes through a carbonation method that is not served as bottled beer or canned beer but is made the same manner.

The Middle Ages saw the first widespread popularity of draught beer in Europe, where it has been enjoyed for centuries. Different regions developed their own draught beer styles over time. Germany usually serves beer from a keg, but the most popular kind of draught beer in the United Kingdom is cask ale. Draught beer is typically served from a tap or keg in the United States.

Many beer enthusiasts believe that draft beer tastes richer and fresher than bottled beer due to the way it is stored and served. They argue that storing the beer in a steel cask or keg keeps light and carbon dioxide from degrading its freshness.

Purpose of the bill. In California, the Act requires on-sale retail licensees who sell draught beer shall, upon the faucet, spigot, or outlet from which the beer is drawn, attach and keep posted a

clear and legible notice, placard, or marker which shall indicate and declare the name or brand adopted by the manufacturer of the beer. The author's office states that this is to ensure consumers are aware of the brand/type of beer that is being sold by the retailer.

According to the author's office, current law is unclear about whether this labeling requirement applies to a brewery tasting room. A brewery (also referred to as a beer manufacturer in this context) may offer beer for on-site consumption either as part of an on-site restaurant or beer tastings. The author states that brewery tasting rooms do not mark their taps due to the high level of familiarity and this measure is intended to clarify that the labeling requirement should not apply.

In support. The California Beer and Beverage Distributors writes, "Despite the fact that the brewery tasting room is operating under a "beer manufacturer" license there has been confusion about whether or not a brewery tasting room needs to comply with provisions in the Act that requires the posting of signs that clearly declare the name or brand of the beer manufacturer. AB 744 clarifies that the law only applies to an on-sale retail licensee and not licensed premises operated by a licensed beer manufacturer."

Prior legislation. AB 2303 (Aguiar-Curry), Chapter 694, Statutes of 2022. Provided that only agave spirits produced entirely from agaves grown within California, without flavoring or coloring additives, may be labeled with the words "California agave spirits" or any combination of the words "California agave spirits," California agave," or substantially similar description.

REGISTERED SUPPORT / OPPOSITION:

Support

California Beer and Beverage Distributors

Opposition

None on file

Analysis Prepared by: Eric Johnson / G.O. / (916) 319-2531