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THIRD READING

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Bill No: AB 828  
Author: Mark González (D)  
Amended: 6/25/25 in Senate  
Vote: 21

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SENATE GOVERNMENTAL ORG. COMMITTEE: 15-0, 6/24/25

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

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

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**SUBJECT:** Alcoholic beverage control: neighborhood-restricted special on-sale general licenses

**SOURCE:** Independent Hospitality Coalition

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**DIGEST:** This bill authorizes the Department of Alcoholic Beverage Control (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 State Census Bureau census tracts in the County of Los Angeles, until a total of 40 new licenses have been issued, as specified.

**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 “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.

This bill:

- 1) 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 State Census Bureau census tracts in the County of Los Angeles, until a total of 40 new licenses have been issued.
- 2) Provides that to qualify for a license issued pursuant to this bill, the premises for which the license would apply shall be located within of the following United States Census Bureau census tracks, corresponding to those identified within the 2020 Census, located within the County of Los Angeles, subject to the following limitations:
  - a) Specified census tracts located in the neighborhoods of Downtown Los Angeles, Little Tokyo, Chinatown, and South Park. No more than a total of 20 licenses shall be concurrently held at premises located within all of these tracts.

- b) Specified census tracts located in the neighborhoods of Boyle Heights and Lincoln Heights. No more than a total of 20 licenses shall be concurrently held at premises located within all of these tracts.
  - c) Specified census tracts located in the neighborhoods of Koreatown, Byzantine-Latino Quarter, Hollywood, and Historic Filipinotown. No more than a total of 20 licenses shall be concurrently held at premises located within all of these tracts.
- 3) Prohibits a license issued pursuant to this bill from being transferred between counties.
- 4) Prohibits a license issued pursuant to this bill from being transferred to any other premises in a different neighborhood. This does not apply to a licensee whose premises have been destroyed as a result of a fire or any act of God or other force beyond the control of the licensee.
- 5) Prohibits a license issued under this bill from being sold or transferred for a price greater than the original fee paid by the seller or transferor.

## **Background**

*Author Statement.* According to the author's office, "the current alcohol licensing regime does not take into consideration Los Angeles' significant tourism and hospitality industry. Since 2020, tourism has increased every single year. In 2023 alone, LA had 49.1 million people visit. These numbers will only increase in the coming years with major national and international events including the 2026 FIFA World Cup, the 2026 NBA All-Star Game, the 2026 U.S. Women's Open, and the 2028 Olympic & Paralympic Games. Restaurants without an alcohol license are at an inherent disadvantage in comparison to ones that do and see less business from residents and tourists alike. The restaurant industry has notoriously thin profit margins and small businesses cannot afford to get a license, whether through the state lottery system or on the open market."

*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 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.

*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.

*Creation of Type 87 license for the City and County of San Francisco.* Before the enactment of SB 1285 (Leno, Chapter 790, Statutes of 2016), no new alcohol licenses had been issued in San Francisco for over 80 years. In 2017, the Legislature passed AB 471 (Ting, Chapter 442, Statutes of 2017), which established the Type 87 neighborhood-restricted alcohol license program for San Francisco's outer neighborhoods. The bill initially authorized a total of 30 Type 87 licenses, with up to five issued annually through 2023 in specific census tracts. In 2024, follow-up legislation (AB 359, Ting, Chapter 393, Statutes of 2024) increased the total number of licenses under this exemption from 30 to 40.

Type 87 licenses are exclusively available to bona fide eating establishments and permit the sale of beer, wine, and distilled spirits for on-site consumption. This license is subject to RBS requirements and requires alcohol servers and managers of alcohol servers to be RBS certified. An individual applicant may submit only one application for a Type 87 license. In cases where the number of businesses applying within a designated census tract exceeds the limit set for a given year, recipients are selected through a random drawing.

Before these bills were enacted, new restaurants in the designated census tracts generally had to acquire an ABC license by purchasing it from businesses that had either closed or were willing to sell.

AB 828 is patterned similar to the above-mentioned bills and maintains the same general conditions and restrictions.

### **Related/Prior 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 in the Senate Governmental Organization Committee)

AB 445 (Aguiar-Curry, 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 Colusa, as specified. (Pending in the Senate Appropriations Committee Suspense File)

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 Senate Floor)

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.

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

According to the Senate Appropriations Committee, 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.

Senate Rule 28.8

**SUPPORT:** (Verified 8/18/25)

Independent Hospitality Coalition (Source)

Arrow Up Training

Back of House Agency

Bar di Bello

California Restaurant Association

Cardinale du Vin

Carson Trailer, Inc.

Central City Association of Los Angeles

Civil Coffee

Craigs

El Carmen

Etra/Café Telegrama

Found Oyster LLC

General Lee's

Guerilla Tacos

Here's Looking At You

Homestate

Huddy's Redondo Beach

Kitchen Culture Recruiting

LaBrea Station

La Cita

Lasita

Last Word Hospitality

The Liberties of Dublin

The Lonely Star

Lavern's Fine Wine

Maury's Bagels & Appetizin

Mayfield

Melisse Restaurant

Nando Trattoria

Nativo

New Deal Hospitality

Open Table

Pijja Palace

Restaurant Project Development  
 Rossoblu  
 San Vicente Bungalows  
 Stir Crazy  
 Sunset Restaurant Management Group  
 Superfine Playa  
 Tabula Rasa  
 Tall Tangerine  
 Tsubaki/OTOTO/Camelia  
 Wildcrust  
 Woon  
 Zephyr & Black

**OPPOSITION:** (Verified 8/18/25)

None received

**ARGUMENTS IN SUPPORT:** According to supporters of this bill, “restaurants without an alcohol license are an inherent disadvantage in comparison to ones that do and will see less business from residents and tourists alike. Small businesses cannot afford to shell out large amounts of money on gambling to get a license, whether through the state lottery system or on the open market. The census tracts targeted in this bill contain historic ethnic enclaves like Chinatown, Koreatown, Little Tokyo, Historic Fillipinotown, Pico Union, and Boyle Heights. Areas full of small restaurants, especially minority-owned ones and will ensure these neighborhood can access this essential tool for their success.”

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

**AYES:** Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Fariás, 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

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