

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 395 (Wiener) – As Amended June 30, 2025

Policy Committee: Governmental Organization

Vote: 22 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

**SUMMARY:**

This bill authorizes the Department of Alcoholic Beverage Control (ABC) to issue up to 20 new, original on-sale general licenses to bona fide public eating places within a designated hospitality zone in the City and County of San Francisco (San Francisco).

Specifically, this bill:

- 1) Defines a “hospitality zone” to mean an area designated by ordinance in San Francisco that contains at least one million square feet of retail shopping space open to the public. San Francisco is prohibited from designating more than one hospitality zone.
- 2) Authorizes, until July 1, 2033, ABC to issue up to 20 new, original on-sale general licenses to bona fide public eating places within a designated hospitality zone. ABC may issue up to 10 of the 20 licenses during the same calendar year the hospitality zone is designated, and up to five licenses each subsequent year, until a total of 20 licenses have been issued.
- 3) Requires the ordinance designating a hospitality zone meet certain requirements and requires the local governing body submit the ordinance to ABC.
- 4) Prohibits the transfer of a hospitality zone license to a premises outside the zone and establishes other license restrictions.

**FISCAL EFFECT:**

Costs of approximately \$50,000 to ABC to integrate special tracking features into ABC’s licensing system (Alcohol Beverage Control Fund). Since this bill allows a limited issuance of licenses within a zone established and modified by a separate government entity, ABC notes it will need to track these licenses in a different manner than existing license types. Additionally, minor and absorbable costs to ABC related to licensing and enforcement investigations, as any workload generated by the 20 new licenses issued over at least three years should be covered by corresponding licensing fees.

This committee sees a wide array of bills that propose to modify the scope of alcohol laws. Generally, the majority of proposals do not generate significant new workload for ABC, but taken together, these proposals could lead to significant new costs and future budget requests. In this case, however, the proposed increase in new licenses is relatively minor in volume.

**COMMENTS:**

1) **Purpose.** According to the author:

SB 395 will boost nightlife activity, support small businesses, and speed economic recovery in downtown San Francisco by creating 20 new liquor licenses in a special downtown hospitality zone. In recent years, San Francisco has pursued a number of creative solutions to help fill vacant office and retail spaces. One of the goals of those initiatives has been to attract a more diverse industry base to help transform downtown, which overwhelmingly consist of office space, into a leading arts, culture, and nightlife destination. Providing new entertainment experiences through a hospitality zone supports this goal and allows downtown to recover faster.

2) **Limited On-sale General Licenses.** An on-sale general license for a business primarily serving food as a “bona fide eating place” (Type 47) allows the licensee to also serve beer, wine and distilled spirits for consumption on the licensed premises. Existing law limits the number of new on-sale general licenses ABC may issue 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. Because many counties have reached their caps, businesses seeking a license may need to buy one on the secondary market, which can cost up to \$400,000. While ABC’s formula generally works for most counties, demand for licenses far outweighs the population-based allotment in some counties, generally due to the county’s slower population growth or the local economy’s reliance on tourism.

AB 471 (Ting), Chapter 442, Statutes of 2017, created a new neighborhood-restricted on-sale general license (Type 87) and allowed ABC to issue a total of 30 new Type 87 licenses, with up to five licenses issued per year and a certain number of licenses reserved for enumerated census tract corridors in San Francisco. AB 2359 (Ting), Chapter 393, Statutes of 2024, increased the total allowable number of Type 87 licenses to 40 and allowed licensees to offer to-go alcohol sales, consistent with privileges extended to other bona fide eating place licensees. This bill creates a 20-license program for a designated hospitality zone in San Francisco.

3) **Support and Opposition.** This bill is sponsored by San Francisco Mayor Daniel Lurie, who argues this bill “will contribute to our city’s economic recovery by bringing more restaurants and bars to areas such as Union Square and Yerba Buena” and “augment our message that San Francisco is open for business.” This bill is also supported by local business groups.

This bill is opposed by groups concerned about loosening alcohol restrictions, with Alcohol Justice arguing this bill “will make the streets of San Francisco – already plagued, fairly or not, with a reputation for violent crime – more dangerous; there is every reason to believe it will make neighboring highways more deadly as well.”

4) **Related Legislation.** AB 342 (Haney) allows an on-sale licensee to sell alcoholic beverages until 4 a.m. on certain Fridays, Saturdays, and holidays within a hospitality zone. AB 342’s hearing by the Senate Governmental Organization Committee was canceled at the request of the author.

AB 445 (Aguiar-Curry) authorizes ABC to issue up to 10 additional Type 47 licenses in the County of Colusa and requires ABC to study and report on the need for issuing additional

off-sale general licenses. AB 445 is pending on the Senate Appropriations Committee's suspense file.

AB 828 (Gonzalez) authorizes ABC to issue up to 40 new, original neighborhood-restricted special on-sale general licenses to bona fide public eating places within specified census tracts in the County of Los Angeles. AB 828 is pending hearing by the Senate Appropriations Committee.

AB 1008 (Addis) authorizes ABC to issue up to 10 additional Type 47 licenses in the County of San Luis Obispo. AB 1008 is pending on the Senate Third Reading File.

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