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UNFINISHED BUSINESS

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Bill No: SB 395  
Author: Wiener (D), et al.  
Amended: 6/30/25 in Assembly  
Vote: 21

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SENATE GOVERNMENTAL ORG. COMMITTEE: 15-0, 4/8/25

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

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SENATE FLOOR: 39-0, 5/27/25

AYES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener  
NO VOTE RECORDED: Reyes

ASSEMBLY FLOOR: 74-0, 8/28/25 - See last page for vote

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**SUBJECT:** Alcoholic beverages: additional licenses: hospitality zone

**SOURCE:** Daniel Lurie, Mayor, City of San Francisco

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**DIGEST:** This bill authorizes the Department of Alcoholic Beverage Control (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.

*Assembly Amendments* of 6/30/25 prohibit the Department of ABC from issuing any license under the provisions of this bill after July 1, 2033.

**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 up to 20 additional new original on-sale general licenses for bona fide public eating places located within a designated hospitality zone in the City and County of San Francisco.

- 2) Defines “hospitality zone” to mean an area designated by an ordinance in the City and County of San Francisco on or after January 1, 2026, that contains at least 1 million square feet of retail shopping space open to the public. The City and County of San Francisco shall not designate more than one hospitality zone.
- 3) Provides that during the first year following adoption of a valid ordinance, the Department of ABC may issue 10 of the 20 licenses during the calendar year. In any subsequent year, the department may issue any licenses that have not been issued, not exceeding five licenses per year.
- 4) Provides that in order to authorize the issuance of additional licenses, an ordinance adopted by a local governing body to designate or modify a hospitality zone shall include all of the following:
  - a) Information as may be necessary to identify the boundaries of the hospitality zone.
  - b) A finding that the designated area meets the definition of hospitality zone.
  - c) A finding that the issuance of additional licenses would serve the public convenience or necessity.
- 5) Authorizes a local governing body to further limit the maximum number of additional licenses to be issued within its hospitality zone and to further limit the area within the boundaries of the hospitality zone where additional licenses may be issued.
- 6) Prohibits, with specified exemptions, a license issued under this bill from being transferred to any person, partnership, limited partnership, limited liability company, or corporation.
- 7) Prohibits a license issued by the provisions of this bill from being sold or transferred for a price greater than the original fee paid by the seller or transferor.

## Background

*Author’s Statement.* According to the author’s office, “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. San Francisco is home to spectacular array of street fairs and special events, these new small businesses will reimagine night life back in downtown.”

*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 premise. 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.

In San Francisco, because of its strong restaurant and nightlife scene, prices typically range from \$100,000 to \$200,000, depending on factors like location. Current listings show asking prices such as \$125,000 on the low end and as high as \$195,000. These figures can fluctuate based on market conditions and specific license details.

### **Related/Prior Legislation**

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 828 (Mark Gonzalez, 2025) 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 States Census Bureau census tracts in the County of Los Angeles beginning on January 1, 2026, until a total of 40 new licenses have been issued, as specified. (Pending on the Senate Floor)

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 Assembly Appropriations Committee, 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.

**SUPPORT:** (Verified 8/28/25)

Daniel Lurie, Mayor, City of San Francisco (Source)  
BSC Management  
City and County of San Francisco  
San Francisco Chamber of Commerce

**OPPOSITION:** (Verified 8/28/25)

Alcohol Justice  
California Council on Alcohol Problems

**ARGUMENTS IN SUPPORT:** According to San Francisco Mayor Daniel Lurie, "San Francisco's downtown has always been a core neighborhood of our city. It is our economic engine, where people shop, and where business is conducted. Despite the vital role that it plays, downtown has not yet recovered from the

pandemic. For example, Union Square currently has a commercial vacancy rate of 43%. SB 395 will help contribute to San Francisco's economic recovery by bringing more restaurants and bars to our downtown hospitality zone. It will augment our message that San Francisco is open for business, and introduce another permanent solution to support our city in recovering once and for all."

**ARGUMENTS IN OPPOSITION:** According to Alcohol Justice, "[a]n additional [20] outlets would be an enormous and highly concentrated influx of alcohol outlets. There is no question it 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. It is also unnecessary to populate the specific area with licensed premises, since San Francisco's overabundance of liquor licenses means they are perpetually available on the market. Indeed, as recently as last year, San Francisco legislators were arguing that the alcohol code needed to be overhauled because of existing bars and restaurants were in existential economic peril."

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\*\*\*\* END \*\*\*\*