

# California Department of Alcoholic Beverage Control



## 2023 Chaptered Legislation Code Section Updates

# 2023 Chaptered Bills Amending the ABC Act

## [AB 416 \(Muratsuchi, Chapter 653, Statutes of 2023\)](#) Sale of shochu.

Amends Section 23398.5 of the Business and Professions Code, relating to alcoholic beverages. **(Effective January 1, 2024)**

**Summary of Code Section Changes** - This bill establishes the same exception for shochu that already exists for soju, an imported Korean alcoholic beverage. Specifically, this bill allows an on-sale license with wine privileges (e.g. type 41 or type 42 license) to also sell shochu, an imported Japanese distilled spirit up to 24 percent alcohol by volume that is derived from agricultural products. The department has previously published industry guidance on its interpretation of the soju exception. Specifically, the department clarified that the exception applies to soju imported from any country and not solely Korea (it does not apply to soju made in the United States; imported product may be bottled in the U.S. as long as no other treatment occurs). This same interpretation and application of law will apply to shochu. Additionally, products labeled as containing a mix of soju and shochu qualify for this exception provided they meet the importation requirement and are within the ABV limit.

## [AB 546 \(Villapudua, Chapter 532, Statutes of 2023\)](#) Alcoholic beverages: advertising and brandy tastings.

Amends Sections 23363.3, 25503, and 25611.1 of the Business and Professions Code, relating to alcoholic beverages. **(Effective January 1, 2024)**

**Summary of Code Section Changes** - This bill clarifies that tied-house restrictions in Business and Professions Code section 25503 prohibiting manufacturers and wholesalers from providing anything of value to retailers, except as otherwise authorized by law, 1) applies to all alcoholic beverages and not solely distilled spirits, 2) extends to out-of-state beer manufacturer certificate holders, and 3) includes providing credit or rebates (rather than solely money) for sign or advertisement placement on a retailer's premises; all of these technical modifications align with the department's interpretation of current law. This bill also expressly allows a wholesaler to provide customized signs to retailers for current market price. This authorization is limited to wholesalers, meaning they are the only license group that may sell customized signs for retailers. Lastly, this bill repeals the prohibition against brandy manufacturers offering tastings at their premises in the form of a cocktail or mixed drink. Such tastings must still occur in compliance with Business and Professions Code section 23363.3.

## **[AB 840 \(Addis, Chapter 346, Statutes of 2023\)](#) Tied-house exceptions: advertising.**

Amends Section 25503.6 of the Business and Professions Code, relating to alcoholic beverages. **(Effective January 1, 2024)**

**Summary of Code Section Changes** - This bill establishes a tied-house exception that allows specified alcohol manufacturers to purchase advertising space and event sponsorships in connection with events held at specified venues located on the campuses of California Polytechnic State University San Luis Obispo, California State University Fresno, California State University Sacramento, California State University Monterey Bay, California State University Fullerton, San Jose State University, California State University Northridge, and St. Mary's College of California. This bill also amends the existing tied-house exception for a motorsports entertainment complex in the County of San Bernardino by reducing the seating requirement from 50,000 to 25,000.

## **[AB 1013 \(Lowenthal, Chapter 353, Statutes of 2023\)](#) On-sale general public premises: drug testing devices.**

Adds and repeals Section 25624 of the Business and Professions Code, relating to alcoholic beverages. **(Effective July 1, 2024)**

**Summary of Code Section Changes** - This bill requires type 48 applicants and licensees, beginning July 1, 2024 and until January 1, 2027 (unless extended by the Legislature), to comply with all of the following:

1. Offer drug testing devices (such as test strips, stickers, straws, or other devices that are designed to detect the presence of controlled substances in a drink), which have not exceeded their expiration date or recommended period of use, that test for "controlled substances" commonly used to spike drinks. These drugs may include, but are not limited to, flunitrazepam, ketamine, and gamma hydroxybutyric acid, also known by other names, including GHB, gamma-hydroxybutyrate, 4-hydroxybutyrate, 4-hydroxybutanoic acid, sodium oxybate, and sodium oxybutyrate.
2. The drug testing devices shall be available for sale to customers, at a price not to exceed a reasonable amount based on the wholesale cost. Alternatively, they may be given to customers free of charge.
3. Post the following notice in a prominent and conspicuous location: "Don't get roofied! Drink spiking drug test kits available here. Ask a staff member for details."

## **[AB 1088 \(Rubio, Chapter 829, Statutes of 2023\)](#) Licensed craft distillers: direct shipping.**

Amends Section 23504.5 of the Business and Professions Code, relating to alcoholic beverages. **(Effective January 1, 2024)**

**Summary of Code Section Changes** - This bill temporarily extends direct-to-consumer shipping privileges of California craft distillers from January 1, 2024, until January 1, 2025. Such sales must still comply with Business and Professions Code section 23504.5. To summarize, the temporary privilege allows a licensed craft distiller to directly ship distilled spirits manufactured or produced by the licensee at its premises to a consumer only if the sale complies with all of the following:

1. The amount shipped must not exceed the equivalent of 2.25 liters in any combination of prepackaged containers per day per consumer and shall be solely for the consumer's personal use and not for resale.
2. The licensed craft distiller must maintain adequate records of the shipments and provide those records to the department upon request.
3. The licensed craft distiller must require the common carrier to obtain the signature of any individual 21 years of age or older before delivering any distilled spirits shipped to an individual in this state.
4. The containers in which the distilled spirits are shipped must be conspicuously labeled with the words: "CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 YEARS OR OLDER REQUIRED FOR DELIVERY."

This temporary privilege will now expire on January 1, 2025 unless extended by the Legislature.

## **[AB 1217 \(Gabriel, Chapter 569, Statutes of 2023\)](#) Business pandemic relief.**

Amends Section 25607 of the Business and Professions Code, amends Section 65907 of the Government Code, and amends Section 114067 of the Health and Safety Code, relating to pandemic relief. **(Effective January 1, 2024)**

**Summary of Code Section Changes** - This bill delays the expiration of COVID-19 Temporary Catering Authorizations from February 28, 2024, to July 1, 2026. This bill also eliminates the authority of the department to continue a COVID-19 Temporary Catering Authorization beyond its expiration if the licensee has a pending application with the department for a premises expansion. As such, all COVID-19 Temporary Catering Authorizations are scheduled to expire July 1, 2026, unless otherwise extended by the Legislature. This bill also extends other pandemic relief measures, unrelated to ABC, that impact food facilities and

local governments.

### **AB 1294 (Boerner, Chapter 471, Statutes of 2023) Tied-house restrictions: advertising exceptions: County of Kings.**

Adds Section 25503.62 to the Business and Professions Code, relating to alcoholic beverages. **(Effective January 1, 2024)**

**Summary of Code Section Changes** - This bill establishes a tied-house exception that authorizes specified alcohol manufacturers to purchase advertising space and time from, or on behalf of, a company that owns a facility that includes a wave basin located in Kings County in connection with activities conducted on the premises of a permanent retail licensee located at the wave basin facility. Advertising and sponsorships authorized by this bill must comply with the following requirements:

1. The premises of the permanent retail licensee includes a wave basin facility with a capacity of at least 9,000 individuals located in Kings County.
2. The sponsorship or advertising space or time must be purchased in connection with the sponsorship of activities that are held at the premises of a permanent retail licensee located at the wave basin facility.
3. Any sponsorship or purchase of advertising space must be accomplished by a written contract entered into by the alcohol manufacturer and the company that owns the wave basin facility in Kings County.
4. An agreement for advertising must not be contingent upon or otherwise require the licensee at the wave basin facility to purchase or sell any alcoholic beverages or other products produced by the event sponsor or purchaser of the advertising space and time.
5. The retail licensee at the wave basin facility must sell other brands of alcohol manufactured or distributed by a competing wholesaler or manufacturer in addition to any brand manufactured, distributed, or owned by the authorized licensee sponsoring an event or purchasing advertising space or time at the wave basin facility.

### **AB 1668 (Patterson J., Chapter 282, Statutes of 2023) Alcoholic beverages: licenses: County of Placer.**

Adds Section 23826.19 to the Business and Professions Code, relating to alcoholic beverages. **(Effective January 1, 2024)**

**Summary of Code Section Changes** - This bill authorizes ABC to issue 10 new original type 47 licenses (on-sale general licenses for bona fide public eating places), but no more than four per year, in the County of Placer. These new licenses would be precluded from being transferred from one county to another or to any premises that does not qualify pursuant to this bill and are not to be

sold or transferred for a price greater than the original fee paid by the seller or transferor. Licensees that currently hold a valid on-sale general seasonal license may apply for these newly available licenses. The licenses will be subject to priority drawing laws and regulations.

### **AB 1704 (Santiago, Chapter 375, Statutes of 2023) Alcoholic beverage licenses.**

Amends Sections 23015, 23358, 23961, and 24072.3 of the Business and Professions Code, relating to alcoholic beverages, and declaring the urgency thereof, to take effect immediately. **(Effective October 7, 2023)**

**Summary of Code Section Changes** - This urgency bill requires ABC to conduct its priority drawings for on-sale and off-sale general licenses through a live video feed. This bill also allows winegrowers to sell spirits of wine to a type 4 license holder (distilled spirits manufacturer); this privilege does not authorize sales to craft distillers or other license types with distilled spirits production privileges. Additionally, this bill expands eligibility for the brewpub-restaurant license exchange program. Currently, the exchange option is only available to those that have held a brewpub-restaurant license before January 1, 2020. AB 1704 will allow the exchange of a brewpub-restaurant license that was first issued before January 1, 2020, regardless of any subsequent transfers thereof. Exchanges must still comply with the existing requirements set forth in Business and Professions Code section 24072.3.

### **SB 76 (Wiener, Chapter 700, Statutes of 2023) Alcoholic beverages: music venue license: entertainment zones: consumption.**

Amends Sections 23357, 23358, 23396, and 23552 of the Business and Professions Code, adds Section 23039.5 to, and adds Article 5 (commencing with Section 25690) to Chapter 16 of Division 9 of, the Business and Professions Code, relating to alcoholic beverages. **(Effective January 1, 2024)**

**Summary of Code Section Changes** - This bill authorizes the City and County of San Francisco to create "entertainment zones" where people may carry and consume alcoholic beverages on public streets, sidewalks, and public rights-of-way adjacent to and during special events licensed by ABC. Beer manufacturers, winegrowers, and on-sale licensees located in entertainment zones would be authorized to sell open alcoholic beverages for consumption off the premises within the local jurisdiction-approved entertainment zone if all of the following conditions are satisfied:

1. The premises is located within the entertainment zone.

2. Consumption of that type of alcoholic beverage is authorized by the San Francisco government's ordinance creating the entertainment zone.
3. Open alcohol containers for consumption in the entertainment zone only leave the premises during the hours allowed by the ordinance establishing the entertainment zone (and only during the hours of alcohol service at the special event licensed by ABC).
4. Patrons with open containers exit the premises directly into an entertainment zone.
5. All alcoholic beverages in the entertainment zone are purchased only at a licensed premises located within the entertainment zone.
6. The premises expressly prohibits open containers or closed containers of alcoholic beverages acquired outside their premises.
7. Delivery of alcoholic beverages to consumers for consumption within the entertainment zone by the licensee or by any third-party delivery service is expressly prohibited unless the delivery is to a residential building or private business that is not a licensee.
8. No alcoholic beverages purchased at the licensed premises may leave the premises in an open glass or metal container for consumption in an entertainment zone.
9. Any other conditions established in the ordinance adopted by the City and County of San Francisco.
10. In order to participate, the licensee must annually notify ABC; those with restricted privileges due to operating conditions or statutory restrictions may be prohibited from exercising entertainment zone privileges that are contrary to their operating conditions. For purposes of this provision, any restrictions on the exercise of off-sale privileges would apply to the removal of alcoholic beverages from the licensed premises for consumption in an entertainment zone.

Before an entertainment zone becomes operable, the City and County of San Francisco must adopt an ordinance on or after January 1, 2024, that establishes a process or procedure by which persons in possession of alcoholic beverages in entertainment zones may be readily identifiable as being 21 years of age or older, among other specified requirements.

### **Music Venues**

Unrelatedly, this bill makes music venue licenses eligible for duplicate licenses, subject to the same fees charged for a duplicate type 47 license. This bill also authorizes a music venue to sell, serve, and permit consumption of alcoholic beverages to guests during private events or private functions not open to the general public within any hours of operation permitted by its license, regardless of whether any live performance occurs. A music venue would not be required to have live entertainment during a private event or private function nor would they be subject to the standard eligibility criteria to be considered a music venue under current law (impose a paid ticket or cover charge for entrance, pay artists, or other general qualification requirements to be considered a music

venue as identified in subdivision (c) of section 23550) during a private event or private function. This bill maintains the core intent of the music venue license by requiring the principal purpose of a music venue is to operate as a music entertainment facility, meaning the number of private events or private functions occurring at the music entertainment facility must not exceed the number of live entertainment events occurring at the facility in any calendar year; licensees must maintain records to demonstrate compliance with this requirement.

### **[SB 247 \(Wilk, Chapter 212, Statutes of 2023\)](#) Alcoholic beverages: licensing exemptions: barbering and cosmetology services.**

Amends Section 23399.5 of the Business and Professions Code, relating to alcoholic beverages. **(Effective January 1, 2024)**

**Summary of Code Section Changes** - In 2016, the Legislature approved an alcohol license exemption for beauty salons and barbershops to serve a limited amount of beer or wine to their customers at no charge during a provided service, as specified in Business and Professions Code Section 23399.5. This bill seeks to further clarify who may be eligible to use this privilege as there is no definition in law of what constitutes a “beauty salon” or “beauty salon service”. Specifically, it makes clear that it applies to an establishment licensed by, and in good standing with, the California Board of Barbering and Cosmetology. The clarifications in the bill are consistent with ABC’s interpretation and application of existing law.

### **[SB 269 \(Laird, Chapter 176, Statutes of 2023\)](#) Alcoholic beverages: licensed premises: retail sales and consumption.**

Amends Section 25607 of the Business and Professions Code, relating to alcoholic beverages. **(Effective January 1, 2024)**

**Summary of Code Section Changes** - This bill adds craft distillers and brandy manufacturers to the shared-use privileges established by AB 1734 (Bennett, Chapter 175, Statutes of 2022). In practice, this means a beer manufacturer’s license, a winegrower’s license, a craft distiller’s license, or a brandy manufacturer’s license, that are held in any combination and under identical ownership, may overlap at the same premises without necessitating separate sales and consumption areas. Per this bill, this privilege may only be used by a craft distiller if it is at the master license locations of the brewery, winery, and/or distillery.



## **SB 392 (Bradford, Chapter 604, Statutes of 2023) Tied-house restrictions: advertising exceptions: City of Inglewood.**

Amends Section 25503.6 of the Business and Professions Code, relating to alcoholic beverages. **(Effective January 1, 2024)**

**Summary of Code Section Changes** - This bill authorizes specified alcohol manufacturers to purchase advertising space and time from, or on behalf of, an on-sale retail licensee that is the owner or operator of a fully enclosed arena with a seating capacity of at least 18,000 seats in the City of Inglewood. Advertising authorized by this bill could be placed on or in the arena and within the perimeter of the main entry area immediately adjacent to the arena, which includes an open plaza and bandshell. These advertisements would be permitted only if they are not placed on or in, or otherwise promote, a licensed alcohol retailer other than the arena or the premises located within the main entry that is wholly owned and operated by or for the owner of the arena.

## **SB 498 (Gonzalez, Chapter 613, Statutes of 2023) Alcoholic beverage control: violations.**

Amends Sections 23095 and 25658 of, and adds Section 24200.8 to, the Business and Professions Code, relating to alcoholic beverages. **(Effective January 1, 2024)**

**Summary of Code Section Changes** - This bill authorizes the department to consider as an aggravating factor, when determining the discipline for the unlawful sale or furnishing of alcohol to minors or obviously intoxicated persons, whether there is subsequent death or great bodily injury. This bill also increases the maximum fine amount for an offer in compromise (POIC) that an alcohol licensee may pay in lieu of license suspension as follows:

1. An offer in compromise for retail licensees currently may not be less than \$750 dollars or more than \$3,000. This bill increases the cap from \$3,000 to \$6,000.
2. If the petitioning retailer has had any other accusation filed against them during the preceding three years, the offer in compromise currently may not be less than \$1,500 or more than \$6,000. This bill increases the cap from \$6,000 to \$12,000.
3. If the licensee is petitioning for an offer in compromise for a second violation of Business and Professions Code section 25658 that occurs within 36 months of the initial violation, the offer in compromise currently may not be less than \$2,500 or more than \$20,000. This bill increases the cap from \$20,000 to \$40,000.
4. Lastly, this bill increases the criminal fine, from \$1,000 to \$3,000, for the sale or furnishing of alcohol to a minor that results in death or great bodily injury.

### **[SB 787 \(Dahle, Chapter 113, Statutes of 2023\)](#) Number of licensed premises: County of Nevada.**

Adds Section 23826.18 to the Business and Professions Code, relating to alcoholic beverages. **(Effective January 1, 2024)**

**Summary of Code Section Changes** - This bill authorizes ABC to issue 10 new original type 47 licenses (on-sale general licenses for bona fide public eating places), but no more than four per year, in the County of Nevada. These new licenses would be precluded from being transferred from one county to another or to any premises that does not qualify pursuant to this bill and are not to be sold or transferred for a price greater than the original fee paid by the seller or transferor. Licensees that currently hold a valid on-sale general seasonal license may apply for these newly available licenses. The licenses will be subject to priority drawing laws and regulations.

### **[SB 788 \(Ashby, Chapter 114, Statutes of 2023\)](#) Beer manufacturers: cider and perry.**

Amends Section 23357 of the Business and Professions Code, relating to alcoholic beverages. **(Effective January 1, 2024)**

**Summary of Code Section Changes** - This bill removes 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. This bill does not authorize tasting, consumption, or sales to customers at the brewery, which will still require a winegrower's license.

### **[SB 844 \(Jones, Chapter 295, Statutes of 2023\)](#) Alcoholic beverage control: retail license transfers and beer returns.**

Amends Sections 23104.2 and 24044 of the Business and Professions Code, relating to alcoholic beverages, and declaring the urgency thereof, to take effect immediately. **(Effective September 30, 2023)**

**Summary of Code Section Changes** - This urgency bill expands the definition of "seasonal brand of beer", which governs the allowance for wholesalers or manufacturers to accept returns of beer from retailers and is currently limited to only those commemorating a specific holiday season, so that it includes those that recognize either a season or a holiday. This bill also makes a technical and clarifying update related to public notification requirements involving pending alcohol license applications; these changes are technical in nature and consistent with the department's interpretation and application of current law.