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**SB-21 Alcoholic beverages: brewpub-restaurant licenses.** (2019-2020)

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**Senate Bill No. 21**

**CHAPTER 362**

An act to amend Section 23396.3 of the Business and Professions Code, relating to alcoholic beverages, and declaring the urgency thereof, to take effect immediately.

[ Approved by Governor September 27, 2019. Filed with Secretary of State September 27, 2019. ]

**LEGISLATIVE COUNSEL'S DIGEST**

SB 21, Dodd. Alcoholic beverages: brewpub-restaurant licenses.

Existing law, the Alcoholic Beverage Control Act, which is administered by the Department of Alcoholic Beverage Control, regulates the application, issuance, and suspension of alcoholic beverage licenses. Existing law establishes specified types of alcoholic beverage licenses and prescribes the rights and duties of the respective licensees. Existing law authorizes the issuance of a brewpub-restaurant license to a person that manufactures not less than 200 barrels and not more than 5,000 barrels of beer annually on the licensed premises, subject to specified conditions. Existing law specifies that a brewpub-restaurant license does not authorize the brewpub-restaurant licensee to sell, furnish, or exchange any alcoholic beverages with any licensed beer manufacturer regardless of any other licenses held by the licensed beer manufacturer.

This bill would lower the required minimum brewing production of a brewpub-restaurant licensee to not less than 100 barrels of beer annually on the premises. This bill would specify that a brewpub-restaurant license does not authorize the brewpub-restaurant licensee to sell, furnish, or exchange any alcoholic beverages with any licensed beer manufacturer that is under the common ownership or control of the brewpub-restaurant licensee, regardless of any other licenses held by the manufacturer.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 23396.3 of the Business and Professions Code is amended to read:

**23396.3.** (a) (1) A brewpub-restaurant license is a retail license which may be issued to a bona fide public eating place, as defined in Section 23038. The licensed premises shall have a minimum seven-barrel commercial brewing system located permanently onsite that is capable of producing at least seven barrels of beer per brewing cycle, and the licensee shall produce not less than 100 barrels nor more than 5,000 barrels of beer annually on the licensed premises. The license authorizes the sale of beer, wine, and distilled spirits for consumption on the premises, and the sale of beer produced by the brewpub-restaurant licensee for consumption on the premises. The license also authorizes the sale of beer produced by the licensed brewpub-

restaurant licensee to a licensed beer and wine wholesaler, subject to the requirements of Chapter 12 (commencing with Section 25000). A brewpub-restaurant license does not authorize any of the following:

(A) The sale, furnishing, or exchange of any alcoholic beverages with any other brewpub-restaurant licensee, any licensed beer manufacturer that is under common ownership or control of the brewpub-restaurant licensee, regardless of any other licenses held by the licensed beer manufacturer, or any retail licensee in California.

(B) The sale, furnishing, or exchange of any beer produced on the licensed premises bearing the same trademark as any beer produced by a licensed beer manufacturer.

(C) A brewpub-restaurant licensee to engage a licensed beer manufacturer to produce beer for sale by the brewpub-restaurant licensee.

(2) Beer produced on the premises shall be offered for sale to consumers for consumption on the premises or off-premises in a bona fide manner. In determining whether the licensee is offering beer produced on the premises for sale in a bona fide manner, the department may consider, without limitation, whether, and the extent to which, the licensee actually sells beer manufactured on the licensed premises to consumers.

(b) A brewpub-restaurant licensee shall purchase all beer, wine, or distilled spirits for sale on the licensed premises from a licensed wholesaler or winegrower, except for the beer produced by the brewpub-restaurant licensee on the licensed premises.

(c) Notwithstanding any other law, a brewpub-restaurant licensee may label, bottle, package, or refill any container with beer produced on the licensed premises and may, at the licensed premises, sell beer produced and packaged by the licensee to consumers for consumption off the premises.

(d) A brewpub-restaurant licensee may donate or sell beer produced by the licensee to a nonprofit charitable corporation or association or a nonprofit incorporated trade association pursuant to subdivisions (a) and (b) of Section 25503.9, provided that beer donated pursuant to this section shall not count in the calculation of minimum amounts of beer required to be manufactured and sold pursuant to subdivision (a).

(e) A brewpub-restaurant licensee shall offer for sale on the licensed premises canned, bottled, or draft beer commercially available from licensed wholesalers.

(f) The fee to transfer a brewpub-restaurant license shall be the same as for an on-sale general license.

(g) An existing brewpub-restaurant license or a brewpub license issued pursuant to an application filed with the department prior to December 31, 2019, shall not be sold or transferred for a price greater than the original license fee paid by the seller or transferor.

(h) (1) The limitations provided in Section 23816 on the number of licensed premises shall not apply to a brewpub-restaurant license application submitted to the department prior to December 31, 2019.

(2) The limitations provided in Section 23816 on the number of licensed premises shall apply to a brewpub-restaurant license application submitted to the department on or after December 31, 2019.

(i) The licensee shall maintain records on a monthly or quarterly basis that are adequate to establish compliance with this section and to enable the department to identify which beer sold by a licensee was produced on the premises in order to establish the licensee's compliance with subdivisions (a) and (b). These records shall be maintained for a period of at least three years and shall be provided to the department within 30 days of receipt of the department's written request.

**SEC. 2.** This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to provide stability and security for brewpub-restaurant licensees that were lawfully operating prior to January 1, 2019, and to avoid unintended and undesirable changes in the industry, it is necessary for this act to go into immediate effect.