

Date of Hearing: April 8, 2021

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Jim Frazier, Chair

AB 456 (Daly) – As Introduced February 8, 2021

SUBJECT: Alcoholic beverages: schedule of licenses and fees: transmittal

SUMMARY: This bill would require the Department of Alcoholic Beverage Control (ABC) to transmit the adjusted fee list annually to the Chairperson of the Assembly Committee on Governmental Organization and the Chairperson of the Senate Standing Committee on Governmental Organization and would change the date for the list to be transmitted to no later than January 31 of the year before it becomes effective.

EXISTING LAW:

- 1) Establishes the ABC and grants it exclusive authority to administer the provisions of the Alcoholic Beverage Control Act (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) Separates the alcoholic beverage industry into three component parts, or tiers, of the manufacturer (including breweries, wineries, and distilleries), wholesaler, and retailer (both on-sale and off-sale). This is referred to as the “Tied-house” law or “three-tier” system. Generally, other than exceptions granted by the Legislature, the holder of one type of license is not permitted to do business as another type of licensee within the “three-tier” system.
- 3) Authorizes ABC to adjust the fees annually based upon specified criteria and requires ABC to transmit the adjusted fee list to the Chairperson of the Joint Legislative Budget Committee in writing no later than January 10 of the year before it becomes effective.

FISCAL EFFECT: Unknown

COMMENTS:

Background:

The Department of Alcoholic Beverage Control is vested with the exclusive power to license and regulate persons and businesses engaged in the manufacture, importation, distribution, and sale of alcoholic beverages in the State of California. ABC’s mission is to administer the provisions of the Act in a manner that fosters and protects the health, safety, welfare, and economic well-being of the people of California.

Currently, ABC has about 90,000 licenses across the state, including businesses such as winegrowers, liquor stores, and restaurants. ABC is supported primarily by the Alcoholic Beverage Control Fund, which is funded almost entirely by licensing fees.

The Governor’s budget proposes approximately \$90 million for support of ABC in 2020-21. The Budget includes one-time General Fund support to provide fee waivers in 2021 to restaurants and bars heavily impacted by health and safety restrictions imposed in response to COVID-19. The

Budget also includes \$2.9 million one-time Alcohol Beverage Control Fund allocation to provide the capacity and resources to implement the Responsible Beverage Service Training Act, established in Chapter 847, Statutes of 2017 (AB 1221), and to provide electronic payment services.

Existing law provides ABC the authority to increase fees annually consistent with the CPI. Since this authority was granted in 2004, fees have been adjusted three times. Due to the impact of the COVID-19 pandemic on ABC licensed businesses in 2020, the department postponed a CPI adjustment of 2.70 percent that was scheduled to become effective on January 1, 2021.

Purpose of the bill. The author's office states that "while the current annual adjustments are posted online by ABC, there is nothing in statute to guarantee that the respective Chairs of the Committee on Governmental Organization in both houses are made aware of the adjustments through online postings, one of the most accessible forms of publications. By having both the Chairperson of the Joint Legislative Budget Committee and the Chairs of the respective policy committees receive the adjusted fee list in writing will provide increased transparency and fiscal oversight.

Prior Legislation. SB 94 (Skinner), Chapter 9, Statutes of 2021. This budget trailer bill authorized ABC to waive license renewal fees, as defined, for licenses that expire between March 1, 2021, and February 28, 2023, inclusive. This bill provides that the waiver of license renewal fees apply only to specified license types that were active, as defined by ABC in its guidelines, between March 1, 2020, and December 31, 2020, inclusive.

SB 937 (Committee on Governmental Organization), Chapter 327, Statutes of 2012. Among other things, revised the license fee schedule to set forth the fee amounts as of the 2010 calendar year.

AB 1298 (Wesson), Chapter 488, Statutes of 2001. Among other things, increased the annual fees imposed on manufacturers, distributors, and retailers by specified amounts through 2004 and permitted ABC to adjust the fees charged commencing with the 2005 calendar year by an amount not to exceed an inflation factor based on the CPI for the west region.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

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