

## Understanding AB 2004 (Chesbro)

*AB 2004 (Chesbro) was sponsored by the California Craft Brewers Association and signed by the Governor in September, 2014. The new law adds two new privileges for licensed beer manufacturers (ABC license Type 23 and 01) in California*

### **Part 1: Guidelines for Selling Your Beer at a Certified Farmers' Markets.**

With the passage of AB 2004, beer manufacturers have the privilege of being able to sell packaged beer at certified farmers' markets.... But there are MANY provisions and restrictions to this new privilege.

Please read over the following requirements of AB 2004 to understand the process of selling your beer at certified farmers' markets.

#### **Summary:**

AB 2004 bill authorizes a licensed beer manufacturer **to apply to ABC for a certified farmers' market beer sales permit** that grants the beer manufacturer the privilege of selling beer that has been produced by the beer manufacturer, at a certified farmers' market.

With this permit it will allow the licensee, a member of the licensee's family who is 21 years of age or older, or an employee of the licensee to sell packaged beer that has been manufactured by the beer manufacturer at certified farmers' market locations, under specified conditions.

A beer manufacturer may sell any package at the farmers market. **This includes growlers and kegs.**

The new law takes effect January 1<sup>st</sup>, 2014.

*(The bill only applies to beer manufacturers, so Type 75 licenses are not included.)*

#### **Provisions:**

The bill also imposes the following conditions on the beer manufacturer:

- The farmers' market sales permit is subject to the respective discretion and managerial control of a certified farmers' market or community event operator and existing regulations governed by law under the California Department of Food and Agriculture.
- Sales can only occur at a certified farmers' market or within a permitted 'community event area' adjacent to, and operated in conjunction with, the certified farmers' market.
- You can only sell your beer at the certified farmers' market that is **located within the same county or adjacent county** of the location of the licensed beer manufacturer's manufacturing facility.
- The **farmers' market sales permit may be issued for up to 12 months** but shall not be valid for more than one day a week at any single specified farmers' market or community event location. It does allow a beer manufacturer to hold more than one permit.
- Prohibits the licensed beer manufacturer from selling more than 5,000 gallons of beer annually pursuant to all certified farmers' markets permits held by any single beer manufacturer.
- Requires the licensed beer manufacturer to maintain records of annual beer sales made pursuant to all farmers' market beer sales permits issued.

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- Requires ABC to notify the local entity and applicable law enforcement agency where the certified farmers' market or community event is to be held of the issuance of the permit.
- Establishes a **\$50 permit fee** which is subject to adjustment pursuant to the ABC Act

### Don't forget:

- All product sold **must comply with California label requirements** and must have an **ABC approved label or keg collar!**

## Part 2: Guidelines for Private Events on Brewery Premises

### Summary:

AB 2004 also expands a licensed beer manufacturer's privileges under the ABC Act by authorizing a beer manufacturer to sell or serve all beer and wines, regardless of source, to guests during private events held on the licensed beer manufacturer's premises.

### Provisions:

- The alcoholic beverages sold at the premises that are not produced and bottled by, or produced and packaged for, the beer manufacturer **must be purchased from a licensed wholesaler.**
- All alcoholic beverages sold or served must be produced by a licensee authorized to manufacture the product.

### Things to know

- A private party is an event which is not open to the public.
- You may conduct a private party on a portion of your licensed premise. You may conduct business that is open to the public concurrent to the private function. If that is the case, the private event should have clear differentiation and a controlled access point between any other area of the licensed premise which may be open to and available to the general public. This would include tours or visits open to the public or a tasting room open to the public. There may not be any comingling between the private function and any area open to the public.
- You may charge a fee to host the private event
- You must purchase beer from other sources and wine from a licensed wholesaler (type 17). You may not purchase from a self-distributing beer manufacturer or wine maker.

### AB 2004 Code Section

SECTION 1. Section 23357 of the Business and Professions Code is amended to read:

23357. (a) A licensed beer manufacturer may, at the licensed premises of production, sell to consumers for consumption off the premises beer that is produced and bottled by, or produced

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and packaged for, that manufacturer. Licensed beer manufacturers may also exercise any of the following privileges:

(d) A beer manufacturer may also have upon the licensed premises, or on premises owned by the manufacturer that are contiguous to the licensed premises and are operated by and for the manufacturer all beers and wines, regardless of source, for sale or service only to guests during private events or private functions not open to the general public. Alcoholic beverage products sold at the premises that are not produced and bottled by, or produced and packaged for, the beer manufacturer shall be purchased by the beer manufacturer only from a licensed wholesaler. All alcoholic beverages sold or served shall be produced by a licensee authorized to manufacture the product.

SEC. 2. Section 23399.45 is added to the Business and Professions Code, to read:

23399.45.

(a) For the purposes of this section:

(1) "Certified farmers' market" means a location operated in accordance with Chapter 10.5 (commencing with Section 47000) of Division 17 of the Food and Agricultural Code.

(2) "Community event" means an event as defined by Section 113755 of the Health and Safety Code.

(b) A licensed beer manufacturer may apply to the department for a certified farmers' market beer sales permit. Subject to the requirements of Chapter 10.5 (commencing with Section 47000) of Division 17 of the Food and Agricultural Code, and to the discretion and managerial control of a certified farmers' market or community event operator, respectively, a certified farmers' market beer sales permit shall authorize the licensee, a member of the licensee's family who is 21 years of age or older, or an employee of the licensee to sell packaged beer that has been manufactured by a beer manufacturer applying for the permit at a certified farmers' market, including any permitted community event area adjacent to, and operated in conjunction with, a certified farmers' market, located within the county or an adjacent county of the physical location of the licensed beer manufacturer.

(c) Sales under the certified farmers' market beer sales permit shall only occur at a certified farmers' market or within a permitted community event area adjacent to, and operated in conjunction with, the certified farmers' market that is located within the same county or adjacent county of the location of the licensed beer manufacturer's manufacturing facility. The permit may be issued for up to 12 months but shall not be valid for more than one day a week at any single specified certified farmers' market or community event location. A beer manufacturer may hold more than one permit. The department shall notify the city, county, or city and county and the applicable law enforcement agency where the certified farmers' market or permitted community event is to be held of the issuance of the permit.

(d) The licensed beer manufacturer eligible for the certified farmers' market beer sales permit shall not sell more than 5,000 gallons of beer annually pursuant to all certified farmers' market beer sales permits held by any single beer manufacturer. The licensed beer manufacturer shall maintain records of annual beer sales made pursuant to all certified farmers' market beer sales permits issued.

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(e) The fee for any permit issued pursuant to this section shall be fifty dollars (\$50), subject to adjustment pursuant to subdivisions (b) and (c) of Section 23320.

(f) All money collected as fees pursuant to this section shall be deposited in the Alcohol Beverage Control Fund as provided in Section 25761.