



Type 75 Bill (SB 1283)

BACKGROUND AND COMPLIANCE FACT SHEET

BACKGROUND ON LICENSE ORIGIN

The Type 75 license was passed into law as a “special interest” bill in 1996. The bill created a unique retail license with the privilege to manufacturer a limited amount of beer. In addition to allowing for the on-premise sales of distilled spirits (similar to a type 47 license), the license also requires a bona fide eating establishment, a seven-barrel brewing capacity and a minimum/maximum amount of beer that can be brewed annually. Because the type 75 license was placed into the statute as an on-sale retail license, the license did not enjoy the privileges allowed to beer manufacturer licenses (type 23 and type 01). The CCBA opposed this bill at the time because of the confusing and conflicting privileges it allowed and the fact that it was designated as an on-sale retail license and not a beer manufacturers license. Over the years since its inception, the license has proved frustrating to type 75 licensees because of the awkward and conflicting privilege allowances and restrictions.

Another unintended consequence of the type 75 is that it has become an inexpensive “run-around” for those who wish to sell spirits without obtaining a type 47. On-sale distilled spirit licenses, like type 47s, are limited by law within each county based on the population of that county and determined by the census track. Additional licenses are only issued when the population in the county increases over a certain threshold. Because of these restrictions, the type 47 license will often sell/transfer on the open market at many times the value of the original cost, sometimes for as much as \$200,000 or more in counties where demand is high.

In recent years as the cost of type 47 licenses have increased, some people have obtained a type 75 license as an inexpensive alternative to the type 47, circumventing many of the requirements of the license. This “abuse” of the license has led to brewing practices that are contrary to the best interests of the craft beer industry and the original stated intent of the license.

SB 1283 (BRADFORD) INTRODUCES CHANGES TO TYPE 75 LICENSE

SB 1283 was sponsored by an ownership group that currently holds a number of type 75 licenses in southern Californian and wished to extend off-sale retail privileges to the license and add the ability to donate beer to non-profit special event licenses. The CCBA and other industry stakeholders were actively involved in working with bill author, sponsor and the ABC in amending the original bill to solve many of the issues surrounding this license type. The bill passed the legislature this year and was signed by the Governor. It will become law on January 1st, 2019.

The following are changes to the type 75 license as a result of the passage of AB 1283. These provisions go into effect January 1st, 2019.

- Requires that the licensed premises have a minimum 7-barrel commercial brewing system located permanently onsite and capable of producing at least 7 barrels of beer per brewing cycle. Previously



the license only required a “7-barrel brewing capacity” which some license holders interpreted to include fermentation capacity, not brewing capacity.

- Increases the minimum amount of beer to be manufactured annually by the licensee to 200 barrels from previous minimum of 100 barrels.
- Requires a type 75 license holder to maintain records to establish compliance with the requirements of the license for a minimum of three years.
- Requires the beer produced on the premises be offered for sale to consumers for consumption on or off the premises in a bona fide manner. Previously some licensees brewed “beer” and dumped it down the drain to meet the minimum manufacturing requirements of the license (in order to sell spirits).
- Authorizes the licensee to label, bottle, package, or refill any container with beer produced on the licensed premises. This includes growlers and crowlers. Previously type 75s were not allowed to fill and sell growlers or crowlers.
- Allows brewery to sell beer produced by the licensee for consumption off the premises.
- Allows type 75 licensee to donate or sell beer manufactured on the premises to specified nonprofit organizations that hold a special event license. Beer donated to non-profit organizations may not be used in calculating the minimum 200 barrels per year requirement.
- Imposes a limitation on the number of licenses that may be issued in accordance with California Business and Professions Code section 23816 as of January 1st, 2020.
- Limits the dollar amount at which a brewpub-restaurant licenses may be sold or transferred on the market.
- Restricts a type 75 from selling any beer bearing the same trademark as any beer produced by a licensed beer manufacturer (type 23/01), including a beer manufacturer which may be owned in part or in whole by the ownership of the type 75. This is to avoid conflation of self-distribution privileges of a beer manufacturer license with the more limited privileges associated with this specific retail license.

EXISTING PROVISIONS OF THE TYPE 75 LICENSE

- The type 75 license is a retail license which may be issued to a bona fide public eating place, as defined in Section 23038.
- The license authorizes the sale of beer, wine, and distilled spirits for consumption on the premises.
- The license also authorizes the sale of beer produced by the license to a licensed beer and wine wholesaler. The type 75 license is NOT allowed to self -distribute or sell directly to licensed retailers of any type (with the exception of the non-profit, special event retail license).