

Date of Hearing: June 21, 2017

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Adam Gray, Chair

SB 228 (Dodd) – As Amended April 17, 2017

SENATE VOTE: 38-1

SUBJECT: Alcoholic beverage control: public schoolhouses

SUMMARY: Existing law generally prohibits the sale or consumption of alcoholic beverages at a public schoolhouse or any grounds thereof. Various exceptions to this prohibition have been granted, including wine that is produced by a bonded winery owned or operated as part of an instructional program in viticulture and enology.

SB 228 would permit the sale, possession, or consumption of beer that is produced by a brewery owned or operated as part of an instructional program in brewing on the grounds of a public schoolhouse, provided a license has been issued by the Department of Alcoholic Beverage Control (ABC).

EXISTING LAW:

- 1) The enactment of the 21st Amendment to the United States (U.S.) Constitution in 1933 repealed the 18th Amendment and ended the era of Prohibition. Accordingly, states were granted the authority to establish alcoholic beverage laws and administrative structures to regulate the sale and distribution of alcoholic beverages.
- 2) Establishes 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 for this purpose.
- 3) Existing law, known as the "Tied-house" law, separates the alcoholic beverage industry into three component parts of manufacturer, wholesaler, and retailer. The original policy rationale for this body of law was to prohibit the vertical integration of the alcohol industry and to protect the public from predatory marketing practices. Generally, other than exemptions 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.
- 4) Prohibits, generally, the sale, possession, or consumption of alcoholic beverages at a public schoolhouse (K-14) or any grounds thereof. Existing law provides for various exceptions to this prohibition, including, among others, wine that is produced by a bonded winery owned or operated as part of an instructional program in viticulture and enology.
- 5) Allows students who are at least 18 years of age and enrolled in degree granting programs in enology or brewing at accredited public postsecondary educational institutions to taste an alcoholic beverage for educational purposes as part of the instruction in a course required for a degree.

- 6) Grants ABC the authority to issue a special nonprofit sales license to a nonprofit mutual benefit corporation associated with the Department of Viticulture and Enology at the University of California, Davis, and permits the licensee to, among other things, accept up to 20,000 gallons of wine produced by University of California, Davis, and sell the wine to consumers or to other licensees authorized to sell wine.

FISCAL EFFECT: Unknown

COMMENTS:

Background: California is an internationally recognized leader in the production of wine and beer. Many of these products are made by, or with the help of, California college and university graduates who completed the bulk of their career training in wine or beer production.

The viticulture program at the University of California dates back to 1880. At the time, it was realized that California had the potential to become one of the world's foremost wine and grape producing regions. On April 15, 1880, the Legislature mandated the Regents of the University of California to establish a program providing for instruction and research in viticulture and enology. The current Department of Viticulture and Enology was established on the Davis campus in 1935 following the repeal of Prohibition. Since then several of California's public institutions of higher learning have developed and currently offer a variety of academic programs that teach students the science and art of making wine and brewing beer.

As previously noted, existing law generally prohibits the sale, possession, or consumption of alcoholic beverages on the grounds of a public school. Over the years, numerous legislative exceptions have been granted to allow for the possession and use of alcoholic beverages on school grounds. The emergence of instructional programs in viticulture and enology has provided a rationale for some of these exceptions. Further, several of the exceptions were intended to generate additional revenue for community colleges.

The existing exception that allows wine produced as part of an instructional program to be sold on the grounds of a public schoolhouse was enacted in 2005 with the notion that the resulting revenue would be used to support the program and provide scholarships for students. SB 228 would similarly extend this exception to beer produced by a brewery owned or operated as part of an instructional program in brewing.

In 2016, the Governor signed SB 683 (Wolk, Chapter 584, Statutes of 2016) that granted ABC the authority to issue a special nonprofit sales license to a nonprofit associated with the Department of Viticulture and Enology at the University of California, Davis. The license allows the university to transfer a specified amount of wine made by the students to the nonprofit for marketing and sale. Again, the idea being that proceeds from the wine would be remitted to the Department of Viticulture and Enology for further research and education.

Purpose of the bill: According to the author's office, "California's colleges are increasingly offering instructional brewing programs. Such programs offer hands-on brewing science instruction including malting, mashing, brewing, fermentation, and finishing of the product. Currently, students enrolled in brewing educational courses must discard any product produced through the program. Extending current law to include brewing programs will similarly provide a more comprehensive educational experience and prevent additional unnecessary waste by allowing the beer produced to be sold."

Prior Legislation: SB 683 (Wolk), Chapter 584, Statutes of 2016. Allowed ABC to issue a special nonprofit sales license to a nonprofit mutual benefit corporation associated with the Department of Viticulture and Enology at the University of California Davis and permits the licensee to, among other things, accept up to 20,000 gallons of wine produced by University of California, Davis, and sell the wine to consumers or to other licensees authorized to sell wine.

AB 2073 (Bigelow), Chapter 235, Statutes of 2014. Provided that the prohibition against the sale, possession, or consumption of alcoholic beverages on the grounds of a public schoolhouse does not apply if the alcoholic beverages are acquired, possessed, used, sold, or consumed pursuant to a license or permit obtained for special events held at facilities owned and operated by an educational agency, a county office of education, superintendent of schools, school district, or community college district at a time when pupils are generally not on the grounds.

AB 1989 (Chesbro), Chapter 162, Statutes of 2014. Created an exception relating to consumption or possession of alcoholic beverages by underage persons by allowing students who are at least 18 years of age and enrolled in degree granting programs in enology or brewing at accredited public postsecondary educational institutions to taste, but not consume, an alcoholic beverage for educational purposes as part of the instruction in a course required for a degree.

AB 319 (Norby), Chapter 672, Statutes of 2011. Allowed the sale and consumption of alcohol on community college campuses statewide, during special events, when the proper license or permit has been issued by ABC and authority has been granted by the community college district.

AB 1643 (Smyth), Chapter 79, Statutes of 2010. Allowed alcoholic beverages to be acquired, possessed, or used during events held at a community college-owned facility used to school K-12 students, if the event is held at a time when students in any grades from K-12 are not present at the facility, and defined "events" to include fundraisers held to benefit a nonprofit that has obtained an appropriate license for the event.

AB 1448 (Berryhill), Chapter 399, Statutes of 2009. Provided the prohibition relating to the possession, consumption, and sale of alcoholic beverages in any public schoolhouse or any grounds thereof shall not apply to an event during the weekend or at other times when pupils are not on the grounds of an overnight retreat facility owned and operated by a county office of education in Stanislaus County.

AB 1598 (Price), Chapter 149, Statutes of 2007. Created a new exception to the existing prohibition against the sale or consumption of alcoholic beverages on the grounds of a public school to enable culinary arts programs at a campus of a California Community College to buy, use, sell or consume wine or beer only in connection with a sponsored dinner, course of instruction, or meal demonstration.

REGISTERED SUPPORT / OPPOSITION:

Support

City of Napa
Napa County Board of Supervisors
Santa Rosa Junior College
Sonoma County Board of Supervisors

Opposition

Alcohol Justice

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