

**ASSEMBLY BILL**

**No. 345**

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**Introduced by Assembly Members Saldana and Beall**

February 14, 2007

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An act to add Article 4 (commencing with Section 25685) to Chapter 16 of Division 9 of the Business and Professions Code, and to amend Section 32230 of the Revenue and Taxation Code, relating to alcoholic beverages, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 345, as introduced, Saldana. The Underage Drinking Prevention Act of 2007.

The Alcoholic Beverage Control Act, administered by the Department of Alcoholic Beverage Control, regulates the sale and distribution of alcoholic beverages and the granting of licenses for the manufacture, distribution, and sale of alcoholic beverages within the state. The act also establishes various annual fees for different categories of licenses of the department.

This bill would establish the Underage Drinking Prevention Act of 2007, and would impose a surcharge in varying amounts on the existing fees paid by specified licensees, and make a continuous appropriation of these amounts to the Department of Alcoholic Beverage Control and the State Department of Alcohol and Drug Programs, for specified purposes, including the prevention of underage drinking of, and access to, alcoholic beverages by minors.

This bill would require the State Department of Alcohol and Drug Programs to report to the Legislature, on or before January 1, 2008, and every January 1 thereafter, on the impact of alcohol marketing on youth

and on specified topics regarding alcoholic beverages with special appeal to minors, as provided.

This bill would result in a change in state taxes for the purpose of increasing state revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of  $\frac{2}{3}$  of the membership of each house of the Legislature.

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

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Article 4 (commencing with Section 25685) is  
2 added to Chapter 16 of Division 9 of the Business and Professions  
3 Code, to read:

4  
5 Article 4. The Underage Drinking Prevention Act of 2007  
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7 25685. This article shall be known and may be cited as the  
8 Underage Drinking Prevention Act of 2007.

9 25686. The Legislature finds and declares all of the following:

10 (a) Problems associated with alcohol consumption by those  
11 under the minimum drinking age of 21 years constitute a public  
12 health and safety emergency in California and the nation. The  
13 prevention of underage alcohol consumption is, therefore, an urgent  
14 priority for the people of California.

15 (b) The earlier a young person begins to consume alcoholic  
16 beverages, the more likely it is that he or she will experience  
17 alcohol problems throughout his or her life. Research has shown  
18 that, compared with persons who wait until 21 years of age or older  
19 to begin drinking, those who start to drink before 15 years of age  
20 are at a far greater risk of alcohol problems later in life, including  
21 alcohol-related motor vehicle crashes, assault, and other types of  
22 injuries. Recent increases in alcohol consumption and binge  
23 drinking among underage girls, including girls under the age of  
24 15 years, emphasize the need for new initiatives to prevent youth  
25 alcohol problems.

26 (c) The sale, transfer, or furnishing of alcoholic beverages to  
27 minors and the public possession of alcohol by minors is illegal

1 in California. Enforcement of laws designed to prevent access and  
2 consumption of alcoholic beverages by minors is an urgent priority  
3 for the state.

4 (d) California and its governmental subdivisions have initiated  
5 numerous programs and public awareness campaigns to prevent  
6 alcohol problems in minors and to alert citizens to the dangers  
7 associated with underage drinking. These efforts, which are  
8 augmented by programs conducted by nongovernmental  
9 organizations and individuals, are not sufficiently addressing the  
10 public health emergency associated with underage drinking.

11 (e) Research has established that exposure to alcohol advertising  
12 influences young people’s beliefs and intentions regarding  
13 alcoholic beverages and that increased exposure to alcohol  
14 advertising results in increased underage alcohol consumption.

15 (f) Research has also established that some alcohol  
16 advertisements have images, themes, slogans, and other content  
17 that are highly attractive to young people and encourage them to  
18 consume alcoholic beverages.

19 (g) Alcoholic beverage products that research shows are highly  
20 attractive to young people, including girls under the age of 15  
21 years, are advertised and sold in California. These products,  
22 sometimes referred to as flavored alcoholic beverages or  
23 “alcopops,” have added flavorings and sweeteners. “Alcopops”  
24 have a relatively low alcohol content that makes them similar in  
25 taste to fruit drinks, sodas, and other nonalcoholic beverages  
26 popular with young people. Marketing of these products includes  
27 traditional forms of advertising, product placement, labeling, and  
28 nontraditional marketing techniques such as text messaging and  
29 Internet promotions, including advertising on Web sites popular  
30 with youth.

31 (h) New alcohol products, in addition to alcopops, that have  
32 potential appeal to young people are being introduced into the  
33 market each year. These include gelatin-based products, food-based  
34 alcohol products, alcohol mists, and beverages that contain alcohol,  
35 caffeine, and other additives that may facilitate underage binge  
36 drinking. Product labeling and packaging in some cases make it  
37 difficult to determine whether these products contain alcohol and,  
38 if they do, their alcohol content.

39 (i) Educators, parents, community leaders, and the public are  
40 not familiar with the types and extent of risks to the health and

1 safety of California’s young people associated with alcopops and  
2 other new alcohol products with potential appeal to young people.

3 (j) Underage drinking cost Californians an estimated \$7.3 billion  
4 dollars in 2005.

5 (k) In 2005, underage drinkers consumed 12.4 percent of all  
6 alcohol sold in California, totaling \$2.3 billion dollars in sales.  
7 These sales provided profits of approximately \$1.1 billion dollars  
8 to the alcohol industry.

9 (l) The alcohol industry paid \$\_\_ dollars in taxes and licensing  
10 fees in 2005, a small fraction of the revenue and profits received  
11 from alcohol sales derived from underage drinkers.

12 25688. In addition to fees otherwise provided for in this  
13 division, the following amounts shall be paid to the department  
14 by holders of the following types of licenses:

15		
16	(a) Beer manufacturer (Type 1).....	\$5,000
17	(b) Distilled spirits manufacturer (Type 4).....	\$5,000
18	(c) Beer and wine wholesaler (Type 17).....	\$2,500
19	(d) Distilled spirits wholesaler (Type 18).....	\$2,500
20	(e) Retail package off-sale beer and wine (Type 20).....	\$100
21	(f) Retail package off-sale general license (Type 21).....	\$100
22	(g) On-sale beer (Type 40 & Type 61).....	\$100
23	(h) On-sale beer and wine eating place (Type 41).....	\$100
24	(i) On-sale beer & wine (Type 42).....	\$100
25	(j) On-sale general license (Type 47, 48, 57, 70, 75, 78).....	\$100
26		

27 Payment of those amounts shall be made upon issuance or  
28 transfer of these types of licenses, and shall be made by the holders  
29 of these types of licenses at the time specified in this division for  
30 payment of annual renewal fees therefor. All money collected from  
31 the fees provided for in this section shall be deposited in the Youth  
32 Alcohol Problem Prevention Fund.

33 25690. The Youth Alcohol Problem Prevention Fund is hereby  
34 established in the State Treasury. The department and the State  
35 Board of Equalization shall deduct the costs of administering this  
36 article before transmitting the money collected as fees pursuant to  
37 Section 25690 and subdivision (b) of Section 32230 of the Revenue  
38 and Taxation Code to the State Treasury to the credit of the Youth  
39 Alcohol Problem Prevention Fund. Notwithstanding any other  
40 provision of law, all moneys in the fund are hereby continuously

1 appropriated, without regard to fiscal year, to the department and  
2 the State Department of Alcohol and Drug Programs in the  
3 following manner:

4 (a) The department shall receive 20 percent of the annual amount  
5 in the fund to enhance the enforcement of laws prohibiting  
6 furnishing alcohol to minors. At least 50 percent of the funds  
7 received pursuant to this subdivision shall be distributed to local  
8 law enforcement agencies.

9 (b) The State Department of Alcohol and Drug Programs shall  
10 receive 30 percent of the annual amount in the fund to:

11 (1) Conduct research on the impact of alcohol marketing on  
12 underage drinking.

13 (2) Conduct a statewide media campaign to alert the public to  
14 the risks of underage drinking and address the impact of alcohol  
15 marketing on youth.

16 (3) Assess and enhance youth alcohol recovery programs in the  
17 state.

18 (c) (1) Fifty percent of the annual amount shall be distributed  
19 among counties to reimburse the costs of publicly funded  
20 emergency and trauma services and youth alcohol treatment,  
21 recovery, and prevention programs.

22 (2) Funds shall be distributed pursuant to this subdivision in  
23 accordance with the standard allocation methodology agreed to  
24 by the State Department of Alcohol and Drug Programs and the  
25 County Alcohol and Drug Program Administrators Association of  
26 California, and described in the February 1997 Allocation Report  
27 to the Legislature.

28 25692. (a) On or before January 1, 2008, and on every January  
29 1 thereafter, the State Department of Alcohol and Drug Programs  
30 shall report to the Legislature on the research conducted by the  
31 State Department of Alcohol and Drug Programs regarding alcohol  
32 and minors. The report shall include, but is not limited to, the  
33 following:

34 (1) The impact of alcohol marketing on youth.

35 (2) The types and brands of alcoholic beverages with special  
36 appeal to youth and the level of youth consumption of those  
37 beverages by type.

38 (3) Adult awareness of alcoholic beverages with special appeal  
39 to youth.

1 (4) The labeling and packaging of alcoholic beverages with  
2 special appeal to youth.

3 (b) The funds made available to the State Department of Alcohol  
4 and Drug Programs pursuant to subdivision (b) of Section 25690  
5 shall be used for costs associated with the research and report  
6 required by this section.

7 SEC. 2. Section 32230 of the Revenue and Taxation Code is  
8 amended to read:

9 32230. (a) All surtaxes, interest, and penalties imposed and  
10 required to be paid under this chapter shall be made in remittances  
11 to the State Board of Equalization and shall be deposited in the  
12 General Fund.

13 (b) (1) *For calendar years beginning on and after January 1,*  
14 *2007, the State Board of Equalization shall calculate, on a*  
15 *quarterly basis, the total amount of all surtaxes, interest, and*  
16 *penalties collected as a result of the reclassification of any*  
17 *alcoholic beverage from beer, as defined in Section 23006 of the*  
18 *Business and Professions Code, to a distilled spirit, as defined in*  
19 *Section 23005 of the Business and Professions Code.*

20 (2) *Notwithstanding any other provision of law, all surtaxes,*  
21 *interest, and penalties calculated by the State Board of*  
22 *Equalization pursuant to this subdivision shall be transferred to*  
23 *the Youth Alcohol Problem Prevention Fund created by Section*  
24 *25690 of the Business and Professions Code.*

25 SEC. 3. This act is an urgency statute necessary for the  
26 immediate preservation of the public peace, health, or safety within  
27 the meaning of Article IV of the Constitution and shall go into  
28 immediate effect. The facts constituting the necessity are:

29 In order to insure the safety, health, and well-being of  
30 California’s youth against the negative impacts of alcohol use, it  
31 is necessary that this act take effect immediately.