

AMENDED IN ASSEMBLY AUGUST 20, 2007

AMENDED IN ASSEMBLY JUNE 20, 2007

AMENDED IN SENATE MAY 3, 2007

**SENATE BILL**

**No. 520**

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**Introduced by Committee on Governmental Organization (Senators Florez (Chair), Battin, Denham, Maldonado, Negrete McLeod, Vincent, Wiggins, Wyland, and Yee)**

February 22, 2007

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An act to amend Section 24200.5 of, to amend and renumber Section 24045.12 of, and to add ~~Section~~ *Sections 21609.5 and 25503.39* to, the Business and Professions Code, relating to alcoholic beverages.

LEGISLATIVE COUNSEL'S DIGEST

SB 520, as amended, Committee on Governmental Organization. Alcoholic beverages: *containers*: licensees.

*(1) Existing law requires junk dealers and recyclers, as defined, to sell and purchase junk, which includes ferrous and nonferrous scrap metals and alloys.*

*This bill would prohibit junk dealers and recyclers from purchasing or receiving stainless steel or aluminum alloy beer kegs marked with an indicia of ownership, as defined, from anyone except the indicated owner, unless specified information is provided to the junk dealer or recycler.*

~~The~~

*(2) The Alcoholic Beverage Control Act contains various provisions regulating the application for, the issuance of, the suspension of, and the conditions imposed upon, alcoholic beverage licenses by the Department of Alcoholic Beverage Control. Existing law provides for*

the issuance of an on-sale general alcoholic beverage license to a person who does not operate a bona fide eating place or other public premises and who meets specified conditions, including, among other things, operating a catering business under specified conditions.

This bill would renumber the provision relating to caterers.

~~Existing~~

(3) *Existing* law authorizes the department to revoke a license upon specified grounds, including where a retail licensee knowingly permits the illegal sale, or negotiations for the sale, of controlled substances or dangerous drugs, as provided.

This bill would update an obsolete cross-reference and make technical, nonsubstantive changes to the provision regarding the illegal sale of controlled substances or dangerous drugs.

~~Existing~~

(4) *Existing* law generally restricts certain alcoholic beverage licensees, including manufacturers and winegrowers, from paying, crediting, or compensating a retailer for advertising in connection with the advertising and sale of alcoholic beverages.

This bill would expressly authorize a beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of an importer's general license, distilled spirits manufacturer, or a distilled spirits manufacturer's agent to sponsor events promoted by or purchase advertising space and time from, or on behalf of, a live entertainment marketing company that is a wholly owned subsidiary of a live entertainment company that has its principal place of business in the County of Los Angeles, whose shares of stock are sold to the general public on a national stock exchange, and also owns subsidiaries that hold on-sale retail licenses, under specified conditions. This bill would also make a beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of an importer's general license, distilled spirits manufacturer, or a distilled spirits manufacturer's agent who, through coercion or other means, induces the holder of a wholesaler's license to fulfill those contractual obligations guilty of a misdemeanor. This bill would additionally make an on-sale retail licensee, as described, who solicits or coerces a holder of a wholesaler's license to solicit a beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of an importer's general license, distilled spirits manufacturer, or a distilled spirits manufacturer's agent to purchase advertising time or space guilty of a misdemeanor. The bill thus imposes a state-mandated local program by creating new crimes.

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(5) *The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that no reimbursement is required by this act for a specified reason.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

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

1     SECTION 1. *Section 21609.5 is added to the Business and*  
2 *Professions Code, to read:*

3     21609.5. (a) *Except as provided in subdivision (b), no junk*  
4 *dealer or recycler may purchase or receive refillable stainless*  
5 *steel or aluminum alloy beer kegs marked with an indicia of*  
6 *ownership from any person or entity other than the indicated*  
7 *owner. For purposes of this section, “indicia of ownership” means*  
8 *words, symbols, or registered trademarks printed, stamped, etched,*  
9 *attached, or otherwise displayed on the exterior surface of the*  
10 *beer keg that reasonably identify the owner.*

11     (b) *If the seller is not the indicated owner, a junk dealer or*  
12 *recycler may purchase or receive refillable stainless steel or*  
13 *aluminum alloy beer kegs only if the seller or transferor provides*  
14 *a receipt from the indicated owner verifying the seller’s current*  
15 *ownership or a document indicating that the seller or transferor*  
16 *is authorized by the indicated owner to sell or transfer the beer*  
17 *kegs. Copies of these documents shall be maintained by the junk*  
18 *dealer or recycler as part of the written record of the transaction.*

19     ~~SECTION 1.~~

20     SEC. 2. *Section 24045.12 of the Business and Professions*  
21 *Code, as amended by Section 10 of Chapter 639 of the Statutes of*  
22 *1998, is amended and renumbered to read:*

23     24045.17. *Notwithstanding any other provision of law, the*  
24 *department may issue a general on-sale license to a person who*  
25 *does not operate a bona fide eating place or other public premises*  
26 *who meets all of the following:*

27     (a) *Has operated a catering business for not less than five years.*

28     (b) *Has operated or owned for not less than one year a bona fide*  
29 *eating place that had a general on-sale license.*

- 1 (c) Caters over 500 events annually.
- 2 (d) Serves alcoholic beverages at no more than 25 percent of
- 3 the events catered annually and has revenues from the sale of
- 4 alcoholic beverages which do not constitute more than 25 percent
- 5 of his or her total annual revenues.
- 6 (e) Obtains an annual permit to serve alcoholic beverages at
- 7 events and obtains an authorization for each event, as specified in
- 8 Section 23399.

9 ~~SEC. 2.~~

10 *SEC. 3.* Section 24200.5 of the Business and Professions Code  
11 is amended to read:

12 24200.5. Notwithstanding the provisions of Section 24200, the  
13 department shall revoke a license upon any of the following  
14 grounds:

15 (a) If a retail licensee has knowingly permitted the illegal sale,  
16 or negotiations for the sales, of controlled substances or dangerous  
17 drugs upon his or her licensed premises. Successive sales, or  
18 negotiations for sales, over any continuous period of time shall be  
19 deemed evidence of permission. As used in this section, “controlled  
20 substances” shall have the same meaning as is given that term in  
21 Article 1 (commencing with Section 11000) of Chapter 1 of  
22 Division 10 of the Health and Safety Code, and “dangerous drugs”  
23 shall have the same meaning as is given that term in Article 2  
24 (commencing with Section 4015) of Chapter 9 of Division 2 of  
25 this code.

26 (b) If the licensee has employed or permitted any persons to  
27 solicit or encourage others, directly or indirectly, to buy them  
28 drinks in the licensed premises under any commission, percentage,  
29 salary, or other profit-sharing plan, scheme, or conspiracy.

30 ~~SEC. 3.~~

31 *SEC. 4.* Section 25503.39 is added to the Business and  
32 Professions Code, to read:

33 25503.39. (a) Notwithstanding any other provision of this  
34 chapter, a beer manufacturer, holder of a winegrower’s license,  
35 winegrower’s agent, holder of an importer’s general license,  
36 distilled spirits manufacturer, or a distilled spirits manufacturer’s  
37 agent may sponsor events promoted by, and may purchase  
38 advertising space and time from, or on behalf of, a live  
39 entertainment marketing company subject to all of the following  
40 conditions:

1 (1) The live entertainment marketing company is a wholly  
2 owned subsidiary of a live entertainment company that has its  
3 principal place of business in the County of Los Angeles, whose  
4 shares of stock are sold to the general public on a national stock  
5 exchange, and also owns subsidiaries that hold on-sale retail  
6 licenses.

7 (2) The sponsorship and the advertising space or time is  
8 purchased only in connection with the promotion of live artistic,  
9 musical, sports, or cultural entertainment events at entertainment  
10 facilities, auditoriums, or arenas that are designed and used for  
11 live artistic, musical, sports, or cultural entertainment events.

12 (3) (A) Any on-sale licensee operating at a venue where live  
13 artistic, musical, sports, or cultural entertainment events are  
14 performed pursuant to a sponsorship described in this section or  
15 where advertising is purchased as described in this section, shall  
16 serve other brands of beer, distilled spirits, and wine in addition  
17 to any brand manufactured or distributed by the sponsoring or  
18 advertising beer manufacturer, holder of a winegrower's license,  
19 winegrower's agent, holder of an importers's general license,  
20 distilled spirits manufacturer, or a distilled spirits manufacturer's  
21 agent.

22 (B) Any on-sale retail licensee owned by the live entertainment  
23 company described in paragraph (1) shall serve other brands of  
24 beer, distilled spirits, and wine in addition to any brand  
25 manufactured or distributed by the sponsoring or advertising beer  
26 manufacturer, holder of a winegrower's license, winegrower's  
27 agent, holder of an importer's general license, distilled spirits  
28 manufacturer, or a distilled spirits manufacturer's agent.

29 (4) (A) Advertising space or time purchased pursuant to this  
30 section shall not be placed in any on-sale licensed premises where  
31 the on-sale retail licensee is owned by the live entertainment  
32 company, or any of its subsidiaries, described in paragraph (1).

33 (B) Sponsorship provided pursuant to this section shall not be  
34 allowed if the event or activity is held at or in any on-sale licensed  
35 premises where the on-sale retail licensee is owned by the live  
36 entertainment company, or any of its subsidiaries, described in  
37 paragraph (1).

38 (5) An agreement for the sponsorship of, or for the purchase of  
39 advertising space and time during, a live artistic, musical, sports,  
40 or cultural entertainment event shall not be conditioned directly

1 or indirectly, in any way, on the purchase, sale, or distribution of  
2 any alcoholic beverage manufactured or distributed by the  
3 advertising or sponsoring beer manufacturer, holder of a  
4 winegrower's license, winegrower's agent, holder of an importer's  
5 general license, distilled spirits manufacturer, or a distilled spirits  
6 manufacturer's agent by the live entertainment company described  
7 in paragraph (1) or by any on-sale retail licensee that is owned by  
8 the live entertainment company.

9 (b) Any sponsorship of events or purchase of advertising space  
10 or time conducted pursuant to subdivision (a) shall be conducted  
11 pursuant to a written contract entered into by the beer manufacturer,  
12 holder of a winegrower's license, winegrower's agent, holder of  
13 an importer's general license, distilled spirits manufacturer, or a  
14 distilled spirits manufacturer's agent and the live entertainment  
15 marketing company.

16 (c) Any beer manufacturer, holder of a winegrower's license,  
17 winegrower's agent, holder of an importer's general license,  
18 distilled spirits manufacturer, or a distilled spirits manufacturer's  
19 agent who, through coercion or other illegal means, induces,  
20 directly or indirectly, a holder of a wholesaler's license to fulfill  
21 those contractual obligations entered into pursuant to subdivision  
22 (a) shall be guilty of a misdemeanor and shall be punished by  
23 imprisonment in the county jail not exceeding six months, or by  
24 a fine in an amount equal to the entire value of the advertising  
25 space or time involved in the contract, whichever is greater, plus  
26 ten thousand dollars (\$10,000), or by both imprisonment and fine.  
27 The person shall also be subject to license revocation pursuant to  
28 Section 24200.

29 (d) Any on-sale retail licensee who, directly or indirectly, solicits  
30 or coerces a holder of a wholesaler's license to solicit a beer  
31 manufacturer, holder of a winegrower's license, winegrower's  
32 agent, holder of an importer's general license, distilled spirits  
33 manufacturer, or a distilled spirits manufacturer's agent to purchase  
34 advertising time or space pursuant to subdivision (a) shall be guilty  
35 of a misdemeanor and shall be punished by imprisonment in the  
36 county jail not exceeding six months, or by a fine in an amount  
37 equal to the entire value of the advertising space or time involved  
38 in the contract, whichever is greater, plus ten thousand dollars  
39 (\$10,000), or by both imprisonment and fine. The person shall also  
40 be subject to license revocation pursuant to Section 24200.

1 (e) For purposes of this section, “beer manufacturer” includes  
2 a holder of a beer manufacturer’s license, a holder of an out-of-state  
3 beer manufacturer’s certificate, or a holder of a beer and wine  
4 importer’s general license.

5 (f) Nothing in this section shall authorize the purchasing of  
6 advertising space or time directly from, or on behalf of, any on-sale  
7 licensee.

8 (g) Nothing in this section shall authorize a beer manufacturer,  
9 holder of a winegrower’s license, winegrower’s agent, holder of  
10 an importer’s general license, distilled spirits manufacturer, or a  
11 distilled spirits manufacturer’s agent to furnish, give, or lend  
12 anything of value to an on-sale retail licensee described in  
13 subdivision (a) except as expressly authorized by this section or  
14 any other provision of this division.

15 ~~SEC. 4.~~

16 *SEC. 5.* No reimbursement is required by this act pursuant to  
17 Section 6 of Article XIII B of the California Constitution because  
18 the only costs that may be incurred by a local agency or school  
19 district will be incurred because this act creates a new crime or  
20 infraction, eliminates a crime or infraction, or changes the penalty  
21 for a crime or infraction, within the meaning of Section 17556 of  
22 the Government Code, or changes the definition of a crime within  
23 the meaning of Section 6 of Article XIII B of the California  
24 Constitution.