

Assembly Bill No. 2913

Passed the Assembly August 30, 2016

Chief Clerk of the Assembly

Passed the Senate August 24, 2016

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2016, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Sections 23355.3, 23502, 23504, 23506, 23508, 25503.6, and 25503.8 of, and to add Section 23771.5 to, the Business and Professions Code, relating to alcoholic beverages.

LEGISLATIVE COUNSEL’S DIGEST

AB 2913, Committee on Governmental Organization. Alcoholic beverages: licensees: craft distillers: tied-house restrictions.

(1) Existing law, the Craft Distillers Act of 2015, authorizes the Department of Alcoholic Beverage Control to issue a craft distiller’s license to manufacture distilled spirits, subject to specified conditions, including that the licensee manufacture no more than 100,000 gallons of distilled spirits per fiscal year, excluding brandy the craft distiller manufactures or has manufactured for them. Existing law allows these licensees to sell distilled spirits to specified consumers, to own interests in on-sale retail licenses, and to sell beer, wines, brandies, and distilled spirits to consumers for consumption on the premises of a bona fide eating place, as provided.

This bill, among other things related to the craft distiller’s license, would define “manufacture” for the purposes of the license, allow these licensees to produce, as defined, distilled spirits, and require a specified percentage of the 100,000 allowed gallons to be manufactured or produced by the licensee.

(2) The Alcoholic Beverage Control Act regulates the application for, the issuance of, the suspension of, and the conditions imposed upon, various alcoholic beverage licenses pursuant to which the licensees may exercise specified privileges in the state. The act authorizes licensees to sponsor or otherwise participate in an event conducted by, and for the benefit of, a nonprofit organization in which retail and nonretail licensees are involved as sponsors or participants, subject to specified conditions.

The act authorizes a nonretail licensee to advertise or communicate sponsorship or participation in the event and provides that advertising or communication may include, but is not limited to, initiating, sharing, reposting, or otherwise forwarding a social

media post by a permanent retail licensee or a nonretail licensee, as specified.

This bill would delete the word “initiating” from that provision.

The act also prohibits a retail licensee from receiving any advertising, sale, or promotional benefit from any permanent retail licensee in connection with the sponsorship or participation.

This bill would instead prohibit a nonretail licensee from receiving that advertising, sale, or promotional benefit.

(3) Existing law authorizes specified licensees, including distilled spirits rectifiers, to purchase advertising space and time from, or on behalf of, an on-sale retail licensee, under certain conditions, if the on-sale retail licensee is the owner, manager, agent of the owner, assignee of the owner’s advertising rights, or major tenant of specified facilities. Existing law makes it a crime for an on-sale licensee to coerce certain licensees to purchase advertising space or time, as specified.

This bill would revise these authorizations to instead allow a rectifier to purchase the above-described advertising space and time and would include rectifiers as licensees subject to specified criminal provisions. By expanding the definition of a crime, this bill would impose a state-mandated local program.

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.

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

SECTION 1. Section 23355.3 of the Business and Professions Code is amended to read:

23355.3. (a) A licensee may sponsor or otherwise participate in an event conducted by, and for the benefit of, a nonprofit organization in which retail and nonretail licensees are involved as sponsors or participants, subject to all of the following conditions:

(1) Except as otherwise provided in this section, any payment of money or other consideration for sponsorship or participation

in the event shall be made only to the nonprofit organization conducting the event.

(2) Except as otherwise provided in this section, a nonretail licensee shall not, directly or indirectly, pay money or provide any other thing of value to a permanent retail licensee that is also a sponsor of, or participant in, the event.

(3) A nonretail licensee may donate alcoholic beverages to a nonprofit only as otherwise authorized by Section 25503.9.

(4) Except as otherwise provided by this division, a retail licensee shall not give, sell, or furnish any alcoholic beverages to the temporary licensee.

(5) A nonretail or retail licensee may choose to participate in any level of sponsorship, including at the name or principal sponsor level. A nonprofit organization may choose to have one, or multiple, name or principal sponsors.

(6) (A) A nonretail licensee may advertise or communicate sponsorship or participation in the event. This advertising or communication may include, but is not limited to, sharing, reposting, or otherwise forwarding a social media post by a permanent retail licensee or a nonretail licensee if the advertisement or communication does not contain the retail price of any alcoholic beverage or otherwise promotes a retail licensee beyond its sponsorship or participation in the event.

(B) A nonretail licensee shall not pay or reimburse a permanent licensee, directly or indirectly, for any advertising services, including by way of social media. Except as otherwise permitted by this section, a permanent retail licensee shall not accept any payment or reimbursement, directly or indirectly, for any advertising services offered by a nonretail licensee.

(C) For the purposes of this subdivision, “social media” means a service, platform, application, or site where users communicate and share media, such as pictures, videos, music, and blogs, with other users.

(7) A nonretail licensee shall not require, directly or indirectly, as a condition of sponsorship or participation in any event under this section, that its products be sold or served exclusively at the event. A nonretail licensee shall not receive, directly or indirectly, any advertising, sale, or promotional benefit from any permanent retail licensee in connection with the sponsorship or participation. A permanent retail licensee shall not offer or provide a nonretail

licensee any advertising, sale, or promotional benefit in connection with the sponsorship or participation.

(b) This section does not authorize a nonretail licensee to pay, in whole or in part, any costs, including the cost of sponsorship, of any retail licensee that is sponsoring or participating in a nonprofit event.

(c) A licensee that sponsors or participates in a nonprofit event under this section shall keep detailed records of its sponsorship or participation and shall maintain those records for a period of at least three years. These records shall be provided to the department upon request.

(d) Nothing in this section shall be deemed to exempt the nonprofit organization from obtaining any licenses or permits as may be required to conduct the event.

SEC. 2. Section 23502 of the Business and Professions Code is amended to read:

23502. (a) The department may issue a craft distiller's license to a person that has facilities and equipment for the purposes of, and is engaged in, the commercial manufacture of distilled spirits. The craft distiller's license authorizes the licensee to do all of the following:

(1) Manufacture distilled spirits. For purposes of this article, "manufacture" means the actual distillation of distilled spirits from naturally fermented materials or the redistillation of distilled spirits obtained from another manufacturer of distilled spirits.

(2) Produce distilled spirits. For purposes of this article, "produce" means to mix, color, flavor, or blend distilled spirits, whether manufactured by the licensee or by another manufacturer of distilled spirits.

(3) Only sell distilled spirits that are manufactured or produced by the licensee solely to a wholesaler, manufacturer, winegrower, manufacturer's agent, or rectifier that holds a license authorizing the sale of distilled spirits or to persons that take delivery of those distilled spirits within this state for delivery or use without the state.

(4) Deal in warehouse receipts.

(5) Manufacture or produce up to 100,000 gallons of distilled spirits per fiscal year (July 1 through June 30), excluding brandy the craft distiller manufactures or has manufactured for them pursuant to a brandy manufacturer license, as reported to the

department in the manner prescribed by the department for the fiscal year prior to the date of submitting an application for the license. At least 65 percent of the total volume of distilled spirits manufactured or produced shall be actually manufactured by the licensee. The volume of distilled spirits authorized by this paragraph shall be calculated by adding the volume of distilled spirits, less waste, drawn off the still with the volume of distilled spirits obtained by the licensee from any other source that is not redistilled by the licensee. For purposes of this paragraph, “volume” means the liquid volume and shall not be based on proof gallons or packaged goods.

(b) A craft distiller’s license shall not be issued to any person, any officer, director, employee, or agent of such person, or any person who is affiliated with, directly or indirectly, a person that manufactures or has manufactured for them more than 100,000 gallons of distilled spirits per year within or without the state, excluding brandy it manufactures or has manufactured for them pursuant to a brandy manufacturer license, or to any person that is affiliated with, directly or indirectly, a wholesaler.

(c) (1) The fee for an original craft distiller’s license issued pursuant to this section shall be consistent with the distilled spirits manufacturer’s license and shall be adjusted pursuant to subdivisions (b) and (c) of Section 23320.

(2) The annual license fee for a craft distiller’s license shall be consistent with the distilled spirits manufacturer’s license and shall be adjusted pursuant to subdivisions (b) and (c) of Section 23320.

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

(d) A licensed craft distiller shall report to the department, at the time of renewal in the manner prescribed by the department, the amount of distilled spirits manufactured or produced by the licensee specifying, as applicable, the respective amounts of distilled spirits the licensed craft distiller has manufactured itself, obtained from another manufacturer of distilled spirits, and imported, excluding brandy manufactured by or for the licensee pursuant to a brandy manufacturer license, during the previous fiscal year. If the report to the department establishes that the licensee no longer qualifies to hold a craft distiller’s license because the licensee has either exceeded the 100,000 gallon manufacture

or production limitation as specified in paragraph (5) of subdivision (a) or actually manufactured less than 65 percent of the total volume of distilled spirits as specified in paragraph (5) of subdivision (a), the department shall renew the license as a distilled spirits manufacturer's license.

SEC. 3. Section 23504 of the Business and Professions Code is amended to read:

23504. Notwithstanding any other provision, a licensed craft distiller may sell up to the equivalent of 2.25 liters in any combination of prepackaged containers per day per consumer of distilled spirits manufactured or produced by the licensee at its premises to a consumer attending an instructional tasting conducted by the licensee on its licensed premises pursuant to subdivision (c) of Section 23363.1.

SEC. 4. Section 23506 of the Business and Professions Code is amended to read:

23506. (a) Notwithstanding any other provision of this division, a licensed craft distiller or one or more of its direct or indirect subsidiaries of which the licensed craft distiller owns not less than a 51-percent interest, who manufactures or produces, bottles, processes, imports, or sells distilled spirits under a craft distiller's license or any other license issued pursuant to this division, or any officer or director of, or any person holding any interest in, those persons may serve as an officer or director of, and may hold the ownership of any interest or any financial or representative relationship in, any on-sale license, or the business conducted under that license, provided that, except in the case of a holder of on-sale general licenses for airplanes and duplicate on-sale general licenses for air common carriers, all of the following conditions are met:

(1) The on-sale licensee purchases all alcoholic beverages sold and served only from California wholesale licensees.

(2) The number of distilled spirits items by brand offered for sale by the on-sale licensee that are manufactured, produced, bottled, processed, imported, or sold by the licensed craft distiller or by the subsidiary of which the licensed craft distiller owns not less than 51 percent, or by any officer or director of, or by any person holding any interest in, those persons does not exceed 15 percent of the total distilled spirits items by brand listed and offered for sale by the on-sale licensee selling and serving that distilled

spirit. Notwithstanding paragraph (1), distilled spirits sold pursuant to this provision may be purchased from a California licensed craft distiller so long as the distilled spirits purchased are produced or bottled by, or produced and packaged for, the same licensed craft distiller that holds an interest in the on-sale license and such direct sales do not involve more than two on-sale licenses in which the licensed craft distiller or any person holding an interest in the licensed craft distiller holds any interest, directly or indirectly, either individually or in combination or together with each other in the aggregate.

(3) None of the persons specified in this section may have any of the interests specified in this section in more than two on-sale licenses.

(b) Notwithstanding any other provision of this division, a licensee that has an interest in one or more on-sale retail licenses pursuant to this section may continue to hold that interest in the event the licensee no longer qualifies as a craft distiller, provided that the interest was held, or an application was pending, at a time when the licensee did hold a craft distiller's license pursuant to Section 23502. Nothing in this subdivision is intended to prevent the department from denying a pending application for any reason other than the change in license of the licensee.

SEC. 5. Section 23508 of the Business and Professions Code is amended to read:

23508. (a) A licensed craft distiller may also have upon its licensed premises all beers, wines, and distilled spirits, 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 manufactured or produced and bottled by, or manufactured or produced and packaged for, the licensed craft distiller shall be purchased by the licensed craft distiller only from a licensed wholesaler.

(b) A licensed craft distiller may sell all beers, wines, brandies, or distilled spirits to consumers for consumption on the premises in a bona fide eating place as defined in Section 23038, which is located on the licensed premises or on premises owned by the licensee that are contiguous licensed premises and which is operated by and for the licensee, provided that any alcoholic beverage products not manufactured or produced by the licensee must be purchased from a licensed wholesaler. Beer, wine, and

brandy may be used in the preparation of food and beverages in the bona fide public eating place for consumption on the premises.

(c) Notwithstanding any other provision of this division, in the event that the licensee no longer qualifies as a craft distiller due to the amount of distilled spirits reported pursuant to Section 23502, the licensee may continue to hold the privileges granted by this section.

SEC. 6. Section 23771.5 is added to the Business and Professions Code, to read:

23771.5. Section 23771 does not prevent a licensed craft distiller from holding a distilled spirits license authorizing the importing of distilled spirits, provided, however, that any distilled spirits imported by the licensee shall only be used by the licensee to manufacture or produce distilled spirits pursuant to Section 23502.

SEC. 7. Section 25503.6 of the Business and Professions Code is amended to read:

25503.6. (a) Notwithstanding any other provision of this chapter, a beer manufacturer, the holder of a winegrower's license, a rectifier, a distilled spirits manufacturer, or distilled spirits manufacturer's agent may purchase advertising space and time from, or on behalf of, an on-sale retail licensee subject to all of the following conditions:

(1) The on-sale licensee is the owner, manager, agent of the owner, assignee of the owner's advertising rights, or the major tenant of the owner of any of the following:

(A) An outdoor stadium or a fully enclosed arena with a fixed seating capacity in excess of 10,000 seats located in Sacramento County or Alameda County.

(B) A fully enclosed arena with a fixed seating capacity in excess of 18,000 seats located in Orange County or Los Angeles County.

(C) An outdoor stadium or fully enclosed arena with a fixed seating capacity in excess of 8,500 seats located in Kern County.

(D) An exposition park of not less than 50 acres that includes an outdoor stadium with a fixed seating capacity in excess of 8,000 seats and a fully enclosed arena with an attendance capacity in excess of 4,500 people, located in San Bernardino County.

(E) An outdoor stadium with a fixed seating capacity in excess of 10,000 seats located in Yolo County.

(F) An outdoor stadium and a fully enclosed arena with fixed seating capacities in excess of 10,000 seats located in Fresno County.

(G) An athletic and entertainment complex of not less than 50 acres that includes within its boundaries an outdoor stadium with a fixed seating capacity of at least 8,000 seats and a second outdoor stadium with a fixed seating capacity of at least 3,500 seats located in Riverside County.

(H) An outdoor stadium with a fixed seating capacity in excess of 1,500 seats located in Tulare County.

(I) A motorsports entertainment complex of not less than 50 acres that includes within its boundaries an outdoor speedway with a fixed seating capacity of at least 50,000 seats, located in San Bernardino County.

(J) An exposition park, owned or operated by a bona fide nonprofit organization, of not less than 400 acres with facilities including a grandstand with a seating capacity of at least 8,000 people, at least one exhibition hall greater than 100,000 square feet, and at least four exhibition halls, each greater than 30,000 square feet, located in the City of Pomona or the City of La Verne in Los Angeles County.

(K) An outdoor soccer stadium with a fixed seating capacity of at least 25,000 seats, an outdoor tennis stadium with a fixed seating capacity of at least 7,000 seats, an outdoor track and field facility with a fixed seating capacity of at least 7,000 seats, and an indoor velodrome with a fixed seating capacity of at least 2,000 seats, all located within a sports and athletic complex built before January 1, 2005, in the City of Carson in Los Angeles County.

(L) An outdoor professional sports facility with a fixed seating capacity of at least 4,200 seats located in San Joaquin County.

(M) A fully enclosed arena with a fixed seating capacity in excess of 13,000 seats in the City of Inglewood.

(N) (i) An outdoor stadium with a fixed seating capacity of at least 68,000 seats located in the City of Santa Clara.

(ii) A beer manufacturer, the holder of a winegrower's license, a rectifier, a distilled spirits manufacturer, or distilled spirits manufacturer's agent may purchase advertising space and time from, or on behalf of, a major tenant of an outdoor stadium described in clause (i), provided the major tenant does not hold a retail license, and the advertising may include the placement of

advertising in an on-sale licensed premises operated at the outdoor stadium.

(O) A complex of not more than 50 acres located on the campus of, and owned by, Sonoma State University dedicated to presenting live artistic, musical, sports, food, beverage, culinary, lifestyle, or other cultural and entertainment events and performances with venues that include a concert hall with a seating capacity of approximately 1,500 seats, a second concert hall with a seating capacity of up to 300 seats, an outdoor area with a seating capacity of up to 5,000 seats, and a further outdoor area with a seating capacity of up to 10,000 seats. With respect to this complex, advertising space and time may also be purchased from or on behalf of the owner of the complex, a long-term tenant or licensee of the venue, whether or not the owner, long-term tenant, or licensee holds an on-sale license.

(P) A fairgrounds with a horse racetrack and equestrian and sports facilities located in San Diego County.

(2) The outdoor stadium or fully enclosed arena described in paragraph (1) is not owned by a community college district.

(3) The advertising space or time is purchased only in connection with the events to be held on the premises of the exposition park, stadium, or arena owned by the on-sale licensee. With respect to an exposition park as described in subparagraph (J) of paragraph (1) that includes at least one hotel, the advertising space or time shall not be displayed on or in any hotel located in the exposition park, or purchased in connection with the operation of any hotel located in the exposition park. With respect to the complex described in subparagraph (O) of paragraph (1), the advertising space or time shall be purchased only in connection with live artistic, musical, sports, food, beverage, culinary, lifestyle, or other cultural and entertainment events and performances to be held on the premises of the complex.

(4) The on-sale licensee serves other brands of beer distributed by a competing beer wholesaler in addition to the brand manufactured or marketed by the beer manufacturer, other brands of wine distributed by a competing wine wholesaler in addition to the brand produced by the winegrower, and other brands of distilled spirits distributed by a competing distilled spirits wholesaler in addition to the brand manufactured or marketed by the rectifier,

the distilled spirits manufacturer, or the distilled spirits manufacturer's agent that purchased the advertising space or time.

(b) Any purchase of advertising space or time pursuant to subdivision (a) shall be conducted pursuant to a written contract entered into by the beer manufacturer, the holder of the winegrower's license, the rectifier, the distilled spirits manufacturer, or the distilled spirits manufacturer's agent and any of the following:

(1) The on-sale licensee.

(2) With respect to clause (ii) of subparagraph (N) of paragraph (1) of subdivision (a), the major tenant of the outdoor stadium.

(3) With respect to subparagraph (O) of paragraph (1) of subdivision (a), the owner, a long-term tenant of the complex, or licensee of the complex, whether or not the owner, long-term tenant, or licensee holds an on-sale license.

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

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

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

(f) The Legislature finds that it is necessary and proper to require a separation among manufacturing interests, wholesale interests, and retail interests in the production and distribution of alcoholic beverages in order to prevent suppliers from dominating local markets through vertical integration and to prevent excessive sales of alcoholic beverages produced by overly aggressive marketing techniques. The Legislature further finds that the exceptions established by this section to the general prohibition against tied interests shall be limited to their express terms so as not to undermine the general prohibition and intends that this section be construed accordingly.

SEC. 8. Section 25503.8 of the Business and Professions Code is amended to read:

25503.8. (a) Notwithstanding any other provision of this chapter, a beer manufacturer, the holder of a winegrower’s license, a California winegrower’s agent, a rectifier, a distilled spirits manufacturer, or a distilled spirits manufacturer’s agent may purchase advertising space and time from, or on behalf of, an on-sale retail licensee if all of the following conditions are met:

(1) The on-sale licensee is the owner of any of the following:

(A) A fully enclosed auditorium or theater with a fixed seating capacity in excess of 6,000 seats, at least 60 percent of the use of which is for plays or musical concerts, not including sporting events.

(B) A motion picture studio facility at which public tours are conducted for at least four million people per year.

(C) A retail, entertainment development adjacent to, and under common ownership with, a theme park, amphitheater, and motion picture production studio.

(D) A theme or amusement park and the adjacent retail, dining, and entertainment area located in the City of Los Angeles, Los Angeles County, or Orange County.

(E) A fully enclosed theater, with box office sales and attendance by the public on a ticketed basis only, with a fixed seating capacity in excess of 6,000 seats, located in Los Angeles County within the area subject to the Los Angeles Sports and Entertainment District

Specific Plan adopted by the City of Los Angeles pursuant to ordinance number 174225, as approved on September 6, 2001.

(F) A fully enclosed arena with a fixed seating capacity in excess of 15,000 seats located in Santa Clara County. With respect to the arena described in this subparagraph, advertising space may also be purchased from, or on behalf of, a lessee or manager of the arena.

(2) The advertising space or time is purchased only in connection with one of the following:

(A) In the case of a fully enclosed auditorium or theater, in connection with sponsorship of plays or musical concerts to be held on the premises of the auditorium or theater owned by the on-sale licensee.

(B) In the case of a motion picture studio facility, in connection with sponsorship of the public tours or special events conducted at the studio facility.

(C) In the case of a retail, entertainment development, in connection with sponsorship of public tours or special events conducted at the development.

(D) In the case of a theme or amusement park and the adjacent retail, dining, and entertainment area, located in the City of Los Angeles, Los Angeles County, or Orange County, in connection with daily activities and events at the theme or amusement park and the adjacent retail, dining, and entertainment area.

(E) In the case of the fully enclosed theater described in subparagraph (E) of paragraph (1) of subdivision (a), in connection with events conducted at the theater.

(F) In the case of a fully enclosed arena described in subparagraph (F) of paragraph (1) of subdivision (a), interior advertising in connection with events conducted within the arena.

(3) The on-sale licensee serves other brands of beer distributed by a competing beer wholesaler in addition to the brand manufactured or marketed by the beer manufacturer, other brands of wine distributed by a competing wine wholesaler in addition to the brand produced or marketed by the winegrower or California winegrower's agent, and other brands of distilled spirits distributed by a competing distilled spirits wholesaler in addition to the brand manufactured or marketed by the distilled spirits manufacturer or distilled spirits manufacturer's agent purchasing the advertising space or time.

(b) Any purchase of advertising space or time conducted pursuant to subdivision (a) shall be conducted pursuant to a written contract entered into by the beer manufacturer, the holder of the winegrower's license, the California winegrower's agent, the rectifier, the distilled spirits manufacturer, or the distilled spirits manufacturer's agent, and the on-sale licensee, which contract shall not in any way involve the holder of a wholesaler's license.

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

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

(e) For the purposes of this section, "beer manufacturer" includes any holder of a beer manufacturer's license, any holder of an out-of-state beer manufacturer's certificate, or any holder of a beer and wine importer's general license.

SEC. 9. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school

district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

Approved _____, 2016

Governor