

AMENDED IN SENATE APRIL 6, 2015

SENATE BILL

No. 557

Introduced by Senator Hall

February 26, 2015

An act to amend ~~Section~~ *Sections 25502.2 and 25503.6* of the Business and Professions Code, relating to alcoholic beverages.

LEGISLATIVE COUNSEL'S DIGEST

SB 557, as amended, Hall. ~~Alcoholic beverages:~~ *beverages: advertising: promotions.*

The Alcoholic Beverage Control Act includes tied-house restrictions, which prohibit specified licensees from furnishing, giving, or lending money or other thing of value, directly or indirectly, to a person engaged in operating, owning, or maintaining an off-sale licensed premises. Existing law authorizes, until January 1, 2016, the appearance of a person employed or engaged by an authorized licensee at a promotional event held at the premises of an off-sale retail licensee for the purposes of providing autographs, subject to specified conditions.

This bill would delete the sunset date of the above provision, thereby extending the provision indefinitely.

This bill would also make nonsubstantive changes to the act.

~~Existing law, known as tied-house restrictions, prohibits specified alcoholic beverage licensees from paying, crediting, or compensating a retailer for advertising or paying or giving anything of value for the privilege of placing a sign or advertisement with a retail licensee. Existing law authorizes, as an exception, a beer manufacturer, the holder of a winegrower's license, a distilled spirits rectifier, a distilled spirits manufacturer, or a distilled spirits manufacturer's agent to purchase~~

advertising space and time from, or on behalf of, on-sale retail licensees at certain facilities, as specified.

~~This bill would make nonsubstantive changes to this provision.~~

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

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

1 *SECTION 1. Section 25502.2 of the Business and Professions*
2 *Code is amended to read:*

3 25502.2. (a) A person employed or engaged by an authorized
4 licensee may appear at a promotional event at the premises of an
5 off-sale retail licensee for the purposes of providing autographs
6 to consumers at the promotional event only under the following
7 conditions:

8 (1) A purchase from the off-sale retail licensee is not required.

9 (2) A fee is not charged to attend the promotional event.

10 (3) Autographing may only be provided on consumer advertising
11 specialities given by the authorized licensee to a consumer or on
12 any item provided by the consumer.

13 (4) The promotional event does not exceed four hours in
14 duration.

15 (5) There are no more than two promotional events per calendar
16 year involving the same authorized licensee at a single premises
17 of an off-sale retail licensee.

18 (6) The off-sale retail licensee may advertise the promotional
19 event to be held at its licensed premises.

20 (7) An authorized licensee may advertise in advance of the
21 promotional event only in publications of the authorized licensee,
22 subject to the following conditions:

23 (A) The advertising only lists the name and address of the
24 off-sale retail licensee, the name of the alcoholic beverage product
25 being featured at the promotional event, and the time, date, and
26 location of the off-sale retail licensee location where the
27 promotional event is being held.

28 (B) The listing of the off-sale retail licensee's name and address
29 is the only reference to the off-sale retail licensee in the
30 advertisement and is relatively inconspicuous in relation to the
31 advertisement as a whole, and the advertisement does not contain

1 any pictures or illustrations of the off-sale retail licensee’s premises
2 or laudatory references to the off-sale retail licensee.

3 (8) A wholesaler does not directly or indirectly underwrite,
4 share in, or contribute to any costs related to the promotional event,
5 except that a beer and wine wholesaler that holds at least six
6 distilled spirits wholesaler licenses may directly or indirectly
7 underwrite, share in, or contribute to any costs related to a
8 promotional event for which the wholesaler employs or engages
9 the person providing autographs to consumers at the promotional
10 event.

11 (9) The authorized licensee notifies the department in writing
12 of the promotional event at least 30 days in advance of the
13 promotional event.

14 (10) The authorized licensee maintains records necessary to
15 establish its compliance with this section.

16 (b) For purposes of this section, “authorized licensee” means a
17 manufacturer, winegrower, manufacturer’s agent, California
18 winegrower’s agent, rectifier, importer, brandy manufacturer,
19 brandy importer, or wholesaler.

20 ~~(c) This section shall remain in effect only until January 1, 2016,
21 and as of that date is repealed, unless a later enacted statute, that
22 is enacted before January 1, 2016, deletes or extends that date.~~

23 **SECTION 1.**

24 *SEC. 2.* Section 25503.6 of the Business and Professions Code
25 is amended to read:

26 25503.6. (a) Notwithstanding any other provision of this
27 chapter, a beer manufacturer, the holder of a winegrower’s license,
28 a distilled spirits rectifier, a distilled spirits manufacturer, or
29 distilled spirits manufacturer’s agent may purchase advertising
30 space and time from, or on behalf of, an on-sale retail licensee
31 subject to all of the following conditions:

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

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

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

- 1 (C) An outdoor stadium or fully enclosed arena with a fixed
2 seating capacity in excess of 8,500 seats located in Kern County.
- 3 (D) An exposition park of not less than 50 acres that includes
4 an outdoor stadium with a fixed seating capacity in excess of 8,000
5 seats and a fully enclosed arena with an attendance capacity in
6 excess of 4,500 people, located in San Bernardino County.
- 7 (E) An outdoor stadium with a fixed seating capacity in excess
8 of 10,000 seats located in Yolo County.
- 9 (F) An outdoor stadium and a fully enclosed arena with fixed
10 seating capacities in excess of 10,000 seats located in Fresno
11 County.
- 12 (G) An athletic and entertainment complex of not less than 50
13 acres that includes within its boundaries an outdoor stadium with
14 a fixed seating capacity of at least 8,000 seats and a second outdoor
15 stadium with a fixed seating capacity of at least 3,500 seats located
16 in Riverside County.
- 17 (H) An outdoor stadium with a fixed seating capacity in excess
18 of 1,500 seats located in Tulare County.
- 19 (I) A motorsports entertainment complex of not less than 50
20 acres that includes within its boundaries an outdoor speedway with
21 a fixed seating capacity of at least 50,000 seats, located in San
22 Bernardino County.
- 23 (J) An exposition park, owned or operated by a bona fide
24 nonprofit organization, of not less than 400 acres with facilities
25 including a grandstand with a seating capacity of at least 8,000
26 people, at least one exhibition hall greater than 100,000 square
27 feet, and at least four exhibition halls, each greater than 30,000
28 square feet, located in the City of Pomona or the City of La Verne
29 in Los Angeles County.
- 30 (K) An outdoor soccer stadium with a fixed seating capacity of
31 at least 25,000 seats, an outdoor tennis stadium with a fixed
32 capacity of at least 7,000 seats, an outdoor track and field facility
33 with a fixed seating capacity of at least 7,000 seats, and an indoor
34 velodrome with a fixed seating capacity of at least 2,000 seats, all
35 located within a sports and athletic complex built before January
36 1, 2005, in the City of Carson in Los Angeles County.
- 37 (L) An outdoor professional sports facility with a fixed seating
38 capacity of at least 4,200 seats located in San Joaquin County.
- 39 (M) A fully enclosed arena with a fixed seating capacity in
40 excess of 13,000 seats in the City of Inglewood.

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

3 (ii) A beer manufacturer, the holder of a winegrower's license,
4 a distilled spirits rectifier, a distilled spirits manufacturer, or
5 distilled spirits manufacturer's agent may purchase advertising
6 space and time from, or on behalf of, a major tenant of an outdoor
7 stadium described in clause (i), provided the major tenant does not
8 hold a retail license, and the advertising may include the placement
9 of advertising in an on-sale licensed premises operated at the
10 outdoor stadium.

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

13 (3) The advertising space or time is purchased only in connection
14 with the events to be held on the premises of the exposition park,
15 stadium, or arena owned by the on-sale licensee. With respect to
16 an exposition park as described in subparagraph (J) of paragraph
17 (1) that includes at least one hotel, the advertising space or time
18 shall not be displayed on or in any hotel located in the exposition
19 park, or purchased in connection with the operation of any hotel
20 located in the exposition park.

21 (4) The on-sale licensee serves other brands of beer distributed
22 by a competing beer wholesaler in addition to the brand
23 manufactured or marketed by the beer manufacturer, other brands
24 of wine distributed by a competing wine wholesaler in addition to
25 the brand produced by the winegrower, and other brands of distilled
26 spirits distributed by a competing distilled spirits wholesaler in
27 addition to the brand manufactured or marketed by the distilled
28 spirits rectifier, the distilled spirits manufacturer or the distilled
29 spirits manufacturer's agent that purchased the advertising space
30 or time.

31 (b) Any purchase of advertising space or time pursuant to
32 subdivision (a) shall be conducted pursuant to a written contract
33 entered into by the beer manufacturer, the holder of the
34 winegrower's license, the distilled spirits rectifier, the distilled
35 spirits manufacturer, or the distilled spirits manufacturer's agent
36 and the on-sale licensee, or with respect to clause (ii) of
37 subparagraph (N) of paragraph (1) of subdivision (a), the major
38 tenant of the outdoor stadium.

39 (c) Any beer manufacturer or holder of a winegrower's license,
40 any distilled spirits rectifier, any distilled spirits manufacturer, or

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

12 (d) Any on-sale retail licensee, as described in subdivision (a),
13 who, directly or indirectly, solicits or coerces a holder of a
14 wholesaler’s license to solicit a beer manufacturer, a holder of a
15 winegrower’s license, a distilled spirits rectifier, a distilled spirits
16 manufacturer, or a distilled spirits manufacturer’s agent to purchase
17 advertising space or time pursuant to subdivision (a) or (b) shall
18 be guilty of a misdemeanor and shall be punished by imprisonment
19 in the county jail not exceeding six months, or by a fine in an
20 amount equal to the entire value of the advertising space or time
21 involved in the contract, whichever is greater, plus ten thousand
22 dollars (\$10,000), or by both imprisonment and fine. The person
23 shall also be subject to license revocation pursuant to Section
24 24200.

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

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