

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: March 24, 2008
POSITION: Neutral

BILL NUMBER: SB 1246
AUTHOR: G. Negrete McLeod

BILL SUMMARY: Beverages: Beer Manufacturers and Wholesalers: Signs.

Existing law establishes the Department of Alcoholic Beverage Control (ABC) and grants it exclusive authority to administer the provisions of the ABC Act in accordance with laws enacted by the Legislature.

- Current law, known as the "tied-house" law, separates the alcoholic beverage industry into three component parts of manufacturer (including breweries, wineries, and distilleries), wholesaler, and retailer, with the latter being either on-sale or off-sale. Manufacturers and wholesalers are, subject to multiple exceptions in current law, generally prohibited from providing gifts or anything of value to a retailer and vice versa.

This bill would expand the aforementioned exceptions to:

- Allow a beer manufacturer or wholesaler to sell or rent exterior signs advertising beer for use at any on-sale or off-sale retail premises at no less than "cost," as defined in existing law.
- Provide that an exterior sign that is customized for a retailer must be sold, and may not be rented.
- Provide that exterior signs include, but are not limited to, signs, billboards, inflatables, and banners used to advertise a beer manufacturer's products.

FISCAL SUMMARY

The Department of Finance estimates this bill would have no state General Fund impact. We estimate any enforcement costs incurred by ABC as a result of this bill would be minor and absorbable.

COMMENTS

Finance notes the following regarding this bill:

- This bill could provide clarification for the alcohol beverage industry by applying formulas contained in existing law to determine what a beer manufacturer or a beer distributor must charge for exterior signs sold or rented to a retail licensee.

Analyst/Principal (0762) C. Hill	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

AUTHOR

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Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	FC	(Fiscal Impact by Fiscal Year)			Fund Code
				2007-2008 FC	2008-2009 FC	2009-2010	
2100/Alcohol Bev	SO	No		----- No/Minor Fiscal Impact -----			3036
<u>Fund Code</u>	<u>Title</u>						
3036	Alcohol Beverages Control Fund						