

**DEPARTMENT OF FINANCE BILL ANALYSIS**

**AMENDMENT DATE:** June 18, 2008  
**POSITION:** Neutral

**BILL NUMBER:** SB 1246  
**AUTHOR:** G. Negrete McLeod

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

Current law, known as the "tied-house" law, separates the alcoholic beverage industry into three component parts of manufacturer, 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 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, 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 the Department of Alcoholic Beverage Control as a result of this bill would be minor and absorbable.

**SUMMARY OF CHANGES**

Amendments to this bill since our analysis of the March 24, 2008 version are minor and do not alter our position.

**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 wholesaler must charge for exterior signs sold or rented to a retail licensee.

Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	FC	(Fiscal Impact by Fiscal Year)			Fund Code
				2008-2009	2009-2010	2010-2011	
2100/Alcohol Bev	SO	No		----- No/Minor Fiscal Impact -----			3036
<u>Fund Code</u>	<u>Title</u>						
3036	Alcohol Beverages Control Fund						

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 _____