

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 06/20/2012
POSITION: Neutral
SPONSOR: Wine and Spirits Wholesalers, Inc.

BILL NUMBER: AB 2184
AUTHOR: Hall, Isadore

BILL SUMMARY: Alcoholic beverages: tied-house restrictions.

This bill would create an exception to the tied-house law to allow alcoholic beverage suppliers to hire celebrities to sign autographs at promotional events under specified conditions.

This bill would sunset January 1, 2016,

FISCAL SUMMARY

Finance concurs with ABC estimates that ABC costs arising from this bill would be minor and absorbable.

SUMMARY OF CHANGES

Amendments to this bill since our analysis of the original version deleted the requirement that celebrities providing autographs at promotional events have an ownership interest in the distilled spirits brand. Those amendments do not alter our position.

COMMENTS

Finance notes this bill concerns a policy matter on which we are neutral, and would result in no state costs.

Existing law establishes the "tied-house" law or "three-tier" system of Alcoholic Beverage Control (ABC) to separate the alcoholic beverage industry into three component parts of manufacturer (first tier), wholesaler (second tier), and retailer (third tier). The purpose of this law is to promote the state's interest in an orderly market, prohibit the vertical integration and dominance by a single producer, prohibit commercial bribery, protect the public from predatory marketing practices, and to discourage/prevent the intemperate use of alcoholic beverages. The tied-house law:

- Prohibits an alcohol manufacturer, wholesaler, or any officer, director, or agent of any such person from owning, directly or indirectly, any interest in any off-sale license, or from providing anything of value to retailers.
Prohibits a licensee from giving any premium, gift, or free goods in connection with the sale or distribution of any alcoholic beverage except as provided by rules adopted by ABC.
Allows consumer advertising specialties promoting distilled spirits (hats, posters, bottle openers, etc.) to be valued at no more than \$5 per unit original cost to the supplier.

This bill would create a further exception to the tied-house law to allow alcoholic beverage suppliers to hire celebrities to sign autographs at promotional events held at the premises of off-sale retail licensees under the following conditions:

Analyst/Principal (0762) C.Hill Date Program Budget Manager Kristin Shelton Date
Department Deputy Director Date
Governor's Office: By: Date: Position Approved Position Disapproved
BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS--(CONTINUED)**Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

Hall, Isadore

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AB 2184

COMMENTS (continued)

- No purchase would be required to attend an autographing event, and no fee could be charged to attend an event.
- Anything provided by a consumer could be autographed, not just bottles of alcoholic beverages.
- The bill would allow all manufacturers and suppliers (beer, wine and distilled spirits) to hold these events.
- The bill places limits on the advertising manufacturers and suppliers could provide and the number of events they could hold per off-sale retail licensed premises.
- Event organizers would be required to notify ABC 30 days in advance of an autographing event and would be required to keep records to ensure compliance with the bill's requirements.

The autographs would not be considered a "thing of value" or gift in the context of the tied-house law.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					Fund Code
	LA	(Dollars in Thousands)					
	CO	PROP					
	RV	98	FC	2012-2013 FC	2013-2014 FC	2014-2015	
2100/Alcohol Bev	SO	No		-----	No/Minor Fiscal Impact	-----	3036
<u>Fund Code</u>	<u>Title</u>						
3036	Alcohol Beverages Control Fund						