

California Department of Alcoholic Beverage Control



2017 Chaptered Legislation Code Section Changes

Subject: 2017 Legislation

The following is a summary of changes made to the ABC Act during the 2017 legislative session. Attached is the revised language for each amended or added section.

Business & Professions Code (BPC) Section	Bill Number (Author)	Page	Subject
<u>23396.2</u>	AB 297 (<i>Levine</i>)	2	Santa Rosa Wine Museum
<u>23826.10/23826.13</u>	AB 471 (<i>Ting</i>)	4	Special licenses for San Francisco and Napa County
<u>23792/25600.3</u>	AB 1722 (<i>Committee on Governmental Organization</i>)	7	Coupon restrictions and definition
<u>24045.6</u>	AB 522 (<i>Cunningham</i>)	9	Charitable organization and alcohol raffles
<u>24204/25503.6</u>	AB 1724 (<i>Committee on Governmental Organization</i>)	10, 12	Stadium exception and minor code update
<u>24301</u>	AB 1285 (<i>Gipson</i>)	11	Prohibits video recording of hearings held before the Department's ALJ's.
<u>25503.16</u>	SB 461 (<i>Allen</i>)	11	Alcohol manufacturers owning hotels with 25 rooms
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<u>25503.6</u>	SB 664 (<i>Glazer</i>)	12	Stadium exception
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<u>25600.6</u>	AB 609 (<i>Santiago</i>)	25	Licensee promotional events exception extension
<u>25607</u>	AB 997 (<i>Aguiar-Curry</i>)	29	Winegrowers and beer manufacturers common licensed premises
<u>25608</u>	SB 228 (<i>Dodd</i>)	30	Community College brewing programs: sale and consumption of beer produced on campus
<u>25680 - 25686</u>	AB 1221 (<i>Gonzalez Fletcher</i>)	33	Responsible Beverage Service Training Program Act of 2017 (Effective January 1, 2021)
<u>Penal Code 172</u>	AB 400 (<i>Cooper</i>)	36	Allows qualified non-profits sell alcoholic beverages on Capitol Grounds with a special license (Effective September 11, 2017)
<u>Civil Code 52.6</u>	AB 260 (<i>Santiago</i>), SB 225 (<i>Stern</i>)	38	Adds hotels, motels, and bed and breakfasts to the lists of premises that must post human trafficking notices. Additionally adds a text-only phone number for victims to contact and requires premises to post an updated notice by January 1, 2019.

AB 297 (Levine), Chapter 186, Statutes of 2017, amends 23396.2 to create a new on-sale general license for a wine and food cultural museum and educational center in the County of Sonoma.

23396.2.

(a) An on-sale general license for a wine, food and art cultural museum, and educational center and an on-sale general license for a wine and food cultural museum and educational center authorizes those persons described in subdivision (b) to sell, furnish, or give alcoholic beverages for consumption on the premises and off-sale privileges, as further qualified herein.

(b) (1) For purposes of this division, “a wine, food and art cultural museum, and educational center” is a person which meets all the following conditions:

(A) The retail premises shall include an auditorium, concert terrace, exhibition gallery, teaching kitchen, and library and may be adjacent to a bona fide eating place as defined in Section 23038.

(B) The premises is located in the County of Napa, operated by a nonprofit entity that is exempt from payment of income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code, and includes real estate improvements of a value of at least forty-five million dollars (\$45,000,000).

(2) For purposes of this division, “a wine and food cultural museum and educational center” is a person that meets all the following conditions:

(A) The retail premises shall include an auditorium, exhibition gallery, teaching kitchen, and library and may be adjacent to a bona fide eating place as defined in Section 23038.

(B) The premises is located in the County of Sonoma, operated by a nonprofit entity that is exempt from payment of income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code, and includes real estate improvements of a value of at least ten million dollars (\$10,000,000).

(c) (1) The department shall upon request and qualification issue a licensee located in the County of Napa a duplicate of the original license for a premises located on commonly owned property contiguous to, or in close proximity to the original licensed premises. As used in this section, “close proximity” shall mean the original licensed premises is no further than 900 feet from the premises issued the duplicate license regardless of whether the two premises are separated by a public or private street, alley, or sidewalk.

(2) The department shall upon request and qualification issue a licensee located in the County of Sonoma a duplicate of the original license for a premises located on commonly owned, leased, or managed property contiguous to, or in close proximity to the original licensed premises. As used in this section, “close proximity” shall mean the original licensed premises is no further than 900 feet from the premises issued the duplicate license regardless of whether the two premises are separated by a public or private street, alley, or sidewalk.

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(d) There shall be no limit as to the number of events held on a licensed premises or duplicate premises at which a person or persons issued caterer's permits under Section 23399 may sell alcoholic beverages so long as the on-sale general licensee surrenders its license privileges for any portion of the premises at which a catered event is held for the duration of the event.

(e) A licensee licensed under this section shall not be included in the definition of "public premises" under Section 23039.

(f) The provisions of Article 2 (commencing with Section 23815) of Chapter 5 do not apply to the issuance of a license issued pursuant to this section. A license issued pursuant to this section may be transferred to another person, qualified pursuant to subdivision (b), but not to another location. A licensee specified in this section shall purchase no alcoholic beverages for sale in this state other than from a wholesaler or winegrower licensee. Notwithstanding any other provision of this division, licensees may donate wine to a person licensed under this section.

(g) Notwithstanding any other provision of this division, a manufacturer, winegrower, manufacturer's agent, California winegrower's agent, rectifier, distiller, bottler, or the holder of an importer's general license may hold the ownership of any interest, directly or indirectly, in the premises and in the license issued pursuant to this section, may serve as an officer, director, employee, or agent of that licensee, and may sponsor or fund educational programs, special fundraising and promotional events, improvements in capital projects, and the development of exhibits or facilities of and for that licensee provided the number of items of beer, wine, or distilled spirits by brand, exclusive of wine labeled for the licensee authorized in subdivision (a) of this section, offered for sale by the licensee, which are produced, bottled, rectified, distilled, processed, imported, or sold by an individual licensee holding an interest in, serving as an officer, director, employee or agent of, or sponsoring or funding the programs and projects of the retail licensee, does not exceed 15 percent of the total items of beer, wine, or distilled spirits by brand listed and offered for sale in the retail licensed premises.

(h) An applicant for an original on-sale general license for a wine, food and art cultural museum, and educational center or for an original on-sale general license for a wine and food cultural museum and educational center shall, at the time of filing the application for the license, accompany the application with a fee of twelve thousand dollars (\$12,000). The annual renewal fee for a license issued pursuant to this section shall be the same as the applicable renewal fee for an on-sale general license.

(i) An applicant for a duplicate on-sale general license for a wine, food and art cultural museum, and educational center or for a duplicate on-sale general license for a wine and food cultural museum and educational center shall, at the time of filing the application for the license, accompany the application with a fee equal to the license fee for an on-sale general license. The annual renewal fee for a duplicate license issued pursuant to this section shall be the same as the applicable renewal fee for an on-sale general license.

SEC. 2.

23396.2

The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique conditions in the County of Sonoma.

AB 471 (Ting), Chapter 442, Statutes of 2017, amends 23826.10 to authorize the Department to issue 25 additional original neighborhood-restricted on-sale general licenses in specific neighborhoods in San Francisco (no more than five per year). It also authorizes the issuance of 20 on-sale general licenses for bona fide eating places in Napa County over a period of four years (no more than five per year).

23826.10.

(a) (1) Notwithstanding any other provision of this chapter, in any county of the 29th class, commencing January 1, 2009, the department may issue five additional new original on-sale general licenses for bona fide public eating places per year, for a period of three years. Any premises to qualify for a license under this paragraph shall have a seating capacity for 50 or more diners. In no event shall more than 15 on-sale general licenses for bona fide eating places be issued under this paragraph.

(2) Notwithstanding any other provision of this chapter, in any county of the 29th class, the department, in addition to those licenses issued pursuant to paragraph (1), may issue no more than a total of five additional new original on-sale general licenses for bona fide public eating places from January 1, 2017, to December 31, 2017, inclusive. Any premises to qualify for a license under this paragraph shall have a seating capacity for 25 or more diners.

(3) Notwithstanding any other provision of this chapter, in any county of the 29th class, commencing January 1, 2018, in addition to those licenses issued pursuant to paragraphs (1) and (2), the department may issue five additional new original on-sale general licenses for bona fide public eating places per year, for a period of four years. Any premises to qualify for a license under this paragraph shall have a seating capacity for 25 or more diners. In no event shall more than 20 on-sale general licenses for bona fide eating places be issued under this paragraph.

(b) In issuing the licenses provided for in this section, the department shall follow the procedure set forth in Section 23961.

(c) Nothing in this chapter shall prohibit a person who currently holds a valid on-sale general license for seasonal business from applying for an original on-sale general license pursuant to this section.

(d) A license issued under this section shall not be transferred from one county to another nor shall it be transferred to any premises not qualifying under this section.

SEC. 2.

Section 23826.13 of the Business and Professions Code is amended to read:

23826.13.

(a) Notwithstanding any other provision of this chapter, in any county of the sixth class, the department may issue no more than a total of five new original neighborhood-restricted special on-sale general licenses to premises located in any of the census tracts listed in subdivision (b) per year beginning on January 1, 2017, until a total of 30 new licenses authorized by this section are issued.

(b) To qualify for a license issued pursuant to this section, the premises for which the license would apply shall be located within one of the following United States Bureau of Census census tracts located within the City and County of San Francisco, subject to the following limitations:

(1) United States Bureau of the Census census tract 612000, 232000, 234000, 233000, or 230030. No more than a total of five neighborhood-restricted special on-sale general licenses shall be concurrently held at premises located within all of these tracts.

(2) United States Bureau of the Census census tract 258000 or 257020. No more than a total of four neighborhood-restricted special on-sale general licenses shall be concurrently held at premises located within all of these tracts.

(3) United States Bureau of the Census census tract 264030. No more than a total of two neighborhood-restricted special on-sale general licenses shall be concurrently held at premises located within this tract.

(4) United States Bureau of the Census census tract 255000, 256000, 260020, 260010, 260040, 261000, or 263010. No more than a total of five neighborhood-restricted special on-sale general licenses shall be concurrently held at premises located within all of these tracts.

(5) United States Bureau of the Census census tract 309000, 310000, or 312010. No more than a total of four neighborhood-restricted special on-sale general licenses shall be concurrently held at premises located within all of these tracts.

(6) United States Bureau of the Census census tract 330000, 329010, 328010, 353000, or 354000. No more than a total of five neighborhood-restricted special on-sale general licenses shall be concurrently held at premises located within all of these tracts.

(7) United States Bureau of the Census census tract 328020, 329020, 351000, or 352010. No more than a total of five neighborhood-restricted special on-sale general licenses shall be concurrently held at premises located within all of these tracts.

(c) In issuing the licenses pursuant to this section, the department shall follow the procedure set forth in Section 23961. A license shall not be issued pursuant to this section to an applicant until any existing on-sale licenses issued to the applicant for the same premises are canceled.

(d) (1) A person who currently holds an on-sale general license for a premises, who currently holds any interest in an on-sale general license for a premises, who has held an on-sale general license for a premises within the 12 months prior to the date

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of the drawing required by Section 23961, or who has held any interest in an on-sale general license for a premises within the 12 months prior to the date of the drawing required by Section 23961, shall not apply for a license issued pursuant to this section for that licensed premises.

(2) In addition to the other requirements of this section, an application for a neighborhood-restricted on-sale general license shall be subject to all the requirements that apply to an on-sale general license for a bona fide eating place.

(3) Prior to submitting an application for a license issued pursuant to this section, the applicant shall conduct a minimum of one preapplication meeting to discuss the application with neighbors and members of the community within the census tract in which the premises are located.

(A) The applicant shall hold the meeting either on the premises or at an alternate location within a one-mile radius of the premises.

(B) The applicant shall mail notification of the preapplication meeting to all of the following individuals and organizations at least 14 calendar days before the meeting:

(i) Each resident within a 500-foot radius of the premises for which the license is to be issued.

(ii) Any relevant neighborhood associations for the neighborhood in which the premises is located, as identified on a list maintained by the Planning Department of the City and County of San Francisco.

(iii) The Chief of Police for the San Francisco Police Department.

(C) Applicants for a neighborhood-restricted special on-sale general license shall submit, on a form provided by the department, signed verification by the local governing body of the area in which the applicant premises are located, or its designated subordinated officer or body, that states the applicant has completed the preapplication meeting pursuant to this section.

(e) (1) A license issued pursuant to this section shall not be transferred between counties.

(2) A license issued pursuant to this section shall not be transferred to any other premises. This provision shall not apply to any licensee whose premises have been destroyed as a result of fire or any act of God or other force beyond the control of the licensee, for whom the provisions of Section 24081 shall apply.

(3) A license issued pursuant to this section shall not be transferred to any person, partnership, limited partnership, limited liability company, or corporation. This provision shall not apply to licenses transferred under Section 24071, 24071.1, or 24071.2.

(f) Following the cancellation or revocation of a license issued pursuant to this section, the department may issue one additional new original neighborhood-

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restricted special on-sale general license following the procedure set forth in Section 23961 and the provisions of this section.

(g) A person that holds a neighborhood-restricted special on-sale general license issued pursuant to this section shall not exchange his or her license for an on-sale license for public premises.

(h) Except as specified herein, a neighborhood-restricted special on-sale general license may exercise all of the privileges, and is subject to all the restrictions, of an on-sale general license for a bona fide eating place.

(i) A neighborhood-restricted special on-sale general license issued pursuant to this section shall not, with respect to beer and wine, authorize the exercise of the rights and privileges granted by an off-sale beer and wine license.

(j) (1) The original and annual fees, and any additional fees and surcharges, shall be the same as those imposed upon an on-sale general license for a bona fide eating place.

(2) All moneys collected from the fees imposed pursuant to this section shall be deposited in the Alcohol Beverage Control Fund, pursuant to Section 25761.

(k) The department shall adopt rules and regulations to enforce the provisions of this section.

SEC. 3.

The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances of the economy in the County of Napa.

SEC. 4.

The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique distribution and market conditions of liquor licenses in the City and County of San Francisco, that apply only to the City and County of San Francisco.

AB 1722 (Committee on Governmental Organization), Chapter 419, Statutes of 2017, repeals 23792, an outdated restriction on issuing licenses to premises located within 2 miles of a camp of men engaged in public or quasi-public work, and amends 25600.3 to clarify when a licensee may offer coupons. It also makes technical clarifying changes with respect to limitations on coupons for beer and wine.

SECTION 1.

Section 23792 of the Business and Professions Code is repealed.

SEC. 2.

Section 25600.3 of the Business and Professions Code is amended to read:

25600.3.

(a) A nonretail licensee shall not offer, fund, produce, sponsor, promote, furnish, or redeem any type of coupon.

(b) A licensee authorized to sell alcoholic beverages at retail shall not accept, redeem, possess, or utilize any type of coupon that is funded, produced, sponsored, promoted, or furnished by a nonretail licensee.

(c) For purposes of this section:

(1) "Nonretail licensee" means any person who own or holds any interest, directly or indirectly, in any license, authorization, or permit issued pursuant to this division that authorizes the manufacture, production, rectification, importation, or wholesaling of alcoholic beverages, except for a brewpub restaurant license issued pursuant to Section 23396.3.

(2) "Cider" has the same meaning set forth in Section 4.21(e)(5) of the Code of Federal Regulations.

(3) "Perry" has the same meaning set forth in Section 4.21(e)(5) of the Code of Federal Regulations.

(4) "Coupon" means any method by which a consumer receives a discount on the purchase of any item that is funded, produced, sponsored, promoted, or furnished, either directly or indirectly, by a nonretail licensee, including, but not limited to, a paper coupon, a digital coupon, an instant redeemable coupon (IRC), or a mail-in rebate or mail-in discount, except as otherwise provided, or an electronic coupon commonly referred to as a scan or scanback. "Coupon" does not include:

(A) (i) A mail-in rebate or electronic or digital rebate where all of the following apply:

(I) The consumer must submit a request for the rebate to the nonretail licensee or its vendor after the purchase of a qualifying product.

(II) The rebate is paid to the consumer after the purchase of the qualifying product and receipt of the consumer's request with any required information.

(III) The rebate is paid and funded by the nonretail licensee.

(ii) A retail licensee shall not act as the vendor or intermediary for the nonretail licensee or the consumer.

(iii) For purposes of this subparagraph, "nonretail license" and "vendor" shall not include an importer or wholesaler that holds only wholesaler or importer licenses, or both, that primarily sells beer, nonalcoholic beer, malt beverages, cider, or perry to retail licensees.

(B) A discount or rebate that is offered, funded, produced, sponsored, promoted, or furnished by a distilled spirits manufacturer, distilled manufacturer's agent, brandy manufacturer, brandy importer, distilled spirits rectifier general, holder of an out-

25600.3.

of-state distilled spirits shipper certificate, distilled spirits importer general, distilled spirits importer, rectifier, brandy wholesaler, distilled spirits wholesaler, or a holder of a craft distiller's license, regardless of other licenses held, that offers a discount or rebate on the purchase of any item so long as no nonalcoholic beer, beer, malt beverages, or wine products are advertised or promoted by these licensees in connection with the discount or rebate.

(C) A discount that is offered and funded by a beer manufacturer on the purchase of beer, malt beverages, cider, or perry at the licensed premises of production or other licensed premises owned or leased and operated by the beer manufacturer.

(D) A discount that is offered and funded by a winegrower on the purchase of wine sold directly by the winegrower to a consumer at or from the licensed premises of production or other licensed premises owned or leased and operated by the winegrower or through the Internet where a consumer buys directly from a winegrower.

(d) Nothing in this section is intended to preclude or prevent or otherwise restrict an on-sale or off-sale retail licensee that is not also a nonretail licensee from offering, funding, producing, sponsoring, promoting, furnishing, or redeeming a discount to consumers on the purchase of alcoholic beverages that is not otherwise prohibited by this section or any other provision of law.

SEC. 3.

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.

AB 522 (Cunningham), Chapter 444, Statutes of 2017, amends 24045.6 to allow non-profit corporations issued a special temporary on-sale or off-sale beer or wine license to hold a raffle involving a prize of alcoholic beverages under certain conditions.

SECTION 1.

Section 24045.6 of the Business and Professions Code is amended to read:

24045.6.

(a) The department may issue a special temporary on-sale or off-sale beer or wine license to any nonprofit corporation that is exempt from payment of income taxes under Section 23701d or 23701e of the Revenue and Taxation Code and Section 501(c)(3) or 501(c)(6) of the Internal Revenue Code. An applicant for this license shall accompany the application with a fee of one hundred dollars (\$100).

24045.6.

(b) This special license shall only entitle the licensee to sell beer or wine bought by, or donated to, the licensee to a consumer and to any person holding a license authorizing the sale of beer or wine. Notwithstanding any other provision of this division, a licensee may donate or sell beer or wine to a nonprofit corporation that obtains a special temporary on-sale or off-sale license under this section, provided that the donation is not made in connection with a sale of an alcoholic beverage.

(c) This special license shall be for a period not exceeding 15 days. In the event the license under this section is issued for a period exceeding two days, it shall be used solely for retail sales in conjunction with an identifiable fundraising event sponsored or conducted by the licensee and all bottles of beer or wine sold under this license shall bear a label prominently identifying the event. Only three special licenses authorized by this section shall be issued to any corporation in a calendar year.

(d) (1) Notwithstanding Section 25600 or any rule of the department, a nonprofit corporation issued a special temporary on-sale or off-sale beer or wine license pursuant to this section that also obtains a raffle registration from the Department of Justice pursuant to Section 320.5 of the Penal Code may offer, provide, or award alcoholic beverages as a prize in a raffle.

(2) Nothing in this subdivision permits the awarding of alcoholic beverages as a raffle prize, or the sale or consumption of any alcoholic beverages, that are not otherwise authorized to be sold pursuant to the special temporary on-sale or off-sale beer or wine license obtained by the nonprofit corporation.

AB 1724 (Committee on Governmental Organization), Chapter 478, Statutes of 2017, amends 24204 to require the Director of the State Department of Public Health, rather than the no longer existing Chief of the Bureau of Food and Drug Inspection, to notify the Department of the conviction of a licensee of any violation of the Sherman Food, Drug, and Cosmetic law in connection with alcoholic beverages.

24204.

The Director of the State Department of Public Health shall immediately notify the department of the conviction of any licensee of any violation of the Sherman Food, Drug, and Cosmetic Law in connection with alcoholic beverages. The department shall promptly cause an investigation to be made as to whether grounds exist for suspension or revocation of the license of such licensee.

AB 1285 (Gipson), Chapter 09, Statutes of 2017, adds 24301 which provides that video-graphic recordings of administrative hearings held before the Department shall not constitute the official record and shall not be admissible before the ABC Appeals Board.

SECTION 1.

Section 24301 is added to the Business and Professions Code, to read:

24301.

The department shall not create a record by videographic recording. Videographic recording of a hearing shall be inadmissible in any proceeding before the Alcoholic Beverage Control Appeals Board or in any proceeding taken under Section 23090.

SB 461 (Allen), Chapter 517, Statues of 2017, amends Section 25503.16 to allow alcohol manufacturers to own hotels with 25 or more rooms, down from 100.

SECTION 1.

Section 25503.16 of the Business and Professions Code is amended to read:

25503.16.

(a) Nothing in this division shall prohibit the issuance or transfer of any retail on-sale or off-sale license to any person with respect to premises which are an integral part of the operations of a hotel, motel, or marine park owned by, or operated by or on behalf of, the licensee notwithstanding that a manufacturer, winegrower, manufacturer's agent, California winegrower's agent, rectifier, distiller, bottler, importer, wholesaler, or out-of-state distilled spirits shipper has any interest, directly or indirectly, in the premises, in the retail license, or in the retail licensee, and notwithstanding that the issuance or transfer would otherwise result in a violation of subdivision (a) of Section 25500, subdivision (a) or (b) of Section 25501, or Section 25502, if each of the following conditions is met:

- (1) In the case of a hotel or motel, the hotel or motel consists of not less than 25 guestroom accommodations.
- (2) No more than one-quarter of the total gross annual revenues of the hotel, motel, or marine park is derived from the sale by the hotel, motel, or marine park of alcoholic beverages.
- (3) (A) The retail licensee shall purchase no beer or distilled spirits for sale in this state other than from a wholesale licensee, and the retail licensee, except as otherwise provided in subparagraph (B), shall purchase no alcoholic beverages for sale in this state from any wholesale licensee that has any interest, directly or indirectly, in the premises, in the retail license, or in the retail licensee.
- (B) Notwithstanding subparagraph (A), a marine park may purchase beer or malt beverages for sale in this state from a wholesale licensee regardless of whether the wholesale licensee has any interest, directly or indirectly, in the premises, in the retail license, or in the retail licensee.

25503.16.

(4) The retail licensee serves other brands of beer, wine, and distilled spirits in addition to the brands manufactured by the beer or distilled spirits manufacturer or produced by the winegrower holding an interest in the retail license.

(5) No marine park shall sell or offer for sale any distilled spirits, except during private events or private functions held at the marine park.

(b) For purposes of this section, “hotel” and “motel” shall mean an establishment containing guestroom accommodations with respect to which the predominant relationship existing between the occupants thereof and the owner or operator of the establishment is that of innkeeper and guest; for purposes of this subdivision, the existence of other legal relationships as between some occupants and the owner or operator thereof shall be immaterial.

(c) For purposes of this section, “marine park” means an establishment with not less than 125 contiguous acres, located in San Diego County, the predominant purpose of which is the education or entertainment of the public through the display of marine animals and related aquatic, food service, and amusement activities, which holds permits issued by state and federal regulatory agencies authorizing the keeping of marine animals or endangered species or both, and which has an annual paid attendance of at least 2,000,000 people.

(d) The Legislature finds that it is necessary and proper to require a separation between 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 exception established by this section to the general prohibition against tied interests shall be limited to its express terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

AB 1724 (Committee on Governmental Organization) Chapter 478, SB 582 (Bradford) Chapter 672, and SB 664 (Glazer) Chapter 486, Statutes of 2017, amend 25503.6 to grant tied-house advertising exceptions for stadiums including the Banc of California Stadium in Los Angeles, the Los Angeles Stadium at Hollywood Park and the Los Angeles Memorial Coliseum, and AT&T Park and the Chase Center in San Francisco, respectively.

SECTION 1.

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:

25503.6.

(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

25503.6.

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.

(Q) An outdoor stadium with a fixed seating capacity of at least 40,000 seats located in the City and County of San Francisco.

(R) An indoor arena with a fixed seating capacity of at least 13,000 seats located in the City and County of San Francisco.

(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 subparagraphs (O) and (Q) 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

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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. 1.5.

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

(ii) An outdoor stadium located in Los Angeles County operated by a joint powers authority.

(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

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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.

(Q) An outdoor stadium with a fixed seating capacity of at least 40,000 seats located in the City and County of San Francisco.

(R) An indoor arena with a fixed seating capacity of at least 13,000 seats located in the City and County of San Francisco.

(S) A stadium with a fixed seating capacity of at least 70,000 seats located in the City of Inglewood and a performance venue with a seating capacity of at least 5,000 seats adjacent to the stadium.

(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

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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 subparagraphs (O) and (Q) 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. 1.7.

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.

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(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.

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

(Q) An outdoor stadium with a fixed seating capacity of at least 40,000 seats located in the City and County of San Francisco.

(R) An indoor arena with a fixed seating capacity of at least 13,000 seats located in the City and County of San Francisco.

(S) An outdoor stadium with a fixed seating capacity in excess of 20,000 seats in the County of Los Angeles.

(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 subparagraphs (O), (Q), and (S) 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

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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. 1.9.

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

(ii) An outdoor stadium located in Los Angeles County operated by a joint powers authority.

(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.

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(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.

(Q) An outdoor stadium with a fixed seating capacity of at least 40,000 seats located in the City and County of San Francisco.

(R) An indoor arena with a fixed seating capacity of at least 13,000 seats located in the City and County of San Francisco.

(S) An outdoor stadium with a fixed seating capacity in excess of 20,000 seats in the County of Los Angeles.

(T) A stadium with a fixed seating capacity of at least 70,000 seats located in the City of Inglewood and a performance venue with a seating capacity of at least 5,000 seats adjacent to the stadium.

(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

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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 subparagraphs (O), (Q), and (S) 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. 2.

The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique conditions located in the City and County of San Francisco.

SEC. 3.

(a) Section 1.5 of this bill incorporates amendments to Section 25503.6 of the Business and Professions Code proposed by both this bill and Senate Bill 582. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2018, (2) each bill amends Section 25503.6 of the Business and Professions Code, and (3) Assembly Bill 1724 is not enacted or as enacted does not amend that section, and (4) this bill is enacted after Senate Bill 582, in which case Sections 1, 1.7, and 1.9 of this bill shall not become operative.

25503.6.

(b) Section 1.7 of this bill incorporates amendments to Section 25503.6 of the Business and Professions Code proposed by both this bill and Assembly Bill 1724. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2018, (2) each bill amends Section 25503.6 of the Business and Professions Code, (3) Senate Bill 582 is not enacted or as enacted does not amend that section, and (4) this bill is enacted after Assembly Bill 1724 in which case Sections 1, 1.5, and 1.9 of this bill shall not become operative.

(c) Section 1.9 of this bill incorporates amendments to Section 25503.6 of the Business and Professions Code proposed by this bill, Senate Bill 582, and Assembly Bill 1724. That section of this bill shall only become operative if (1) all three bills are enacted and become effective on or before January 1, 2018, (2) all three bills amend Section 25503.6 of the Business and Professions Code, and (3) this bill is enacted after Senate Bill 582 and Assembly Bill 1724, in which case Sections 1, 1.5, and 1.7 of this bill shall not become operative.

SEC. 4.

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.

AB 711 (Low), Chapter 226, Statutes of 2017, amends 25600 to allow beer manufacturers to offer free or discounted rides to consumers (via taxi or ride-share services). However, no ride may be conditioned upon the purchase of an alcoholic beverage or be used to provide anything of value to a retail licensee.

SECTION 1.

Section 25600 of the Business and Professions Code is amended to read:

25600.

(a) (1) No licensee shall, directly or indirectly, give any premium, gift, or free goods in connection with the sale or distribution of any alcoholic beverage, except as provided by rules that shall be adopted by the department to implement this section or as authorized by this division.

(2) (A) Notwithstanding paragraph (1), for purposes of this section, a refund to, or exchange of products for, a dissatisfied consumer by a licensee authorized to sell to consumers shall not be deemed a premium, gift, or free goods given in connection with the sale or distribution of an alcoholic beverage.

(B) A winegrower may advertise or otherwise offer consumers a guarantee of product satisfaction only in newsletters or other publications of the winegrower or at the winegrower's premises. A winegrower may refund to a dissatisfied consumer the entire purchase price of wine produced by that winegrower and sold to that consumer, regardless of where the wine was purchased.

(b) (1) Except as provided in paragraph (2), no rule of the department may permit a licensee to give any premium, gift, or free goods of greater than inconsequential value in connection with the sale or distribution of beer. With respect to beer, premiums, gifts, or free goods, including advertising specialties that have no

25600.

significant utilitarian value other than advertising, shall be deemed to have greater than inconsequential value if they cost more than twenty-five cents (\$0.25) per unit, or cost more than fifteen dollars (\$15) in the aggregate for all those items given by a single supplier to a single retail premises per calendar year.

(2) (A) No rule of the department may impose a dollar limit for consumer advertising specialties furnished by a beer manufacturer to the general public other than three dollars (\$3) per unit original cost to the beer manufacturer who purchased it.

(B) With respect to beer, a beer manufacturer may give consumer advertising specialties to the general public that do not exceed three dollars (\$3) per unit original cost to the beer manufacturer who purchased it. For purposes of this paragraph, "beer manufacturer" includes a holder of a beer manufacturer's license, a holder of an out-of-state beer manufacturer's certificate, an out-of-state vendor that holds a certificate of compliance, or a holder of a beer and wine importer's general license. A licensee authorized to give consumer advertising specialties pursuant to this paragraph shall not be precluded from doing so on the basis of holding any other type of alcoholic beverage license.

(C) A beer manufacturer, as defined in subparagraph (B) of paragraph (2) shall not require a beer wholesaler to fund the purchase of consumer advertising specialties that beer manufacturers are permitted to give under paragraph (2).

(D) Consumer advertising specialties furnished by a beer manufacturer are intended only for adults of legal drinking age. Coin banks, toys, balloons, magic tricks, miniature bottles or cans, confections, dolls, or other items that appeal to minors or underage drinkers may not be used in connection with the merchandising of beer.

(c) With respect to distilled spirits and wines, a licensee may furnish, give, rent, loan, or sell advertising specialties to a retailer, provided those items bear conspicuous advertising required of a sign and the total value of all retailer advertising specialties furnished by a supplier, directly or indirectly, to a retailer do not exceed fifty dollars (\$50) per brand in any one calendar year per retail premises. The value of a retailer advertising specialty is the actual cost of that item to the supplier who initially purchased it, excluding transportation and installation costs. The furnishing or giving of any retailer advertising specialty shall not be conditioned upon the purchase of the supplier's product. Retail advertising specialties given or furnished free of charge may not be sold by the retail licensee. No rule of the department may impose a dollar limit for consumer advertising specialties furnished by a distilled spirits supplier to a retailer or to the general public of less than five dollars (\$5) per unit original cost to the supplier who purchased it.

(d) Notwithstanding any other provision of this division, a beer manufacturer may provide directly to consumers free or discounted rides through taxicabs, transportation network companies, or any other ride service for the purpose of furthering public safety. The free or discounted rides may be provided by vouchers, codes, or any other method to deliver the free or discounted ride. A free or discounted ride, or the provision of a voucher, code, or other method of delivery, shall not be conditioned upon the purchase of an alcoholic beverage. A beer and

25600.

wine wholesaler shall not directly or indirectly underwrite, share in, or contribute to, the costs of free or discounted rides or serve as an agent of a beer manufacturer to provide free or discounted rides to consumers. Nothing in this provision authorizes a beer manufacturer to provide a gift or anything of value directly or indirectly to a retail licensee. For purposes of this subdivision, "beer manufacturer" has the same meaning as defined in subparagraph (B) of paragraph (2) of subdivision (b).

SEC. 2.

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.

AB 609 (Santiago), Chapter 295, Statutes of 2017, amends 25600.5 to extend the sunset date to January 1, 2023, for a provision in the ABC Act that allows certain alcoholic beverage manufacturers to hold specified promotional events.

SECTION 1.

Section 25600.5 of the Business and Professions Code is amended to read:

25600.5.

Notwithstanding any other provision of this division, a manufacturer of distilled spirits, distilled spirits manufacturer's agent, out-of-state distilled spirits shipper's certificate holder, winegrower, rectifier, or distiller, or its authorized unlicensed agent, may provide, free of charge, entertainment, food, and distilled spirits, wine, or nonalcoholic beverages to consumers at an invitation-only event in connection with the sale or distribution of wine or distilled spirits, subject to the following conditions:

(a) No licensee, other than those specified in this section, may conduct or participate in any portion of an event authorized by this section. A licensee authorized to conduct an event pursuant to this section shall not be precluded from doing so on the basis of holding any other type of alcoholic beverage license.

(b) An event authorized by this section shall be conducted on either the:

(1) Premises for which a caterer's authorization has been issued, except that any event held on the premises of a licensed winegrower shall not be authorized to provide any distilled spirits other than brandy.

(2) Premises of a hotel holding an on-sale beer and wine or on-sale general license, except an event shall not be conducted in the lobby area of a hotel or in any portion

25600.5.

of a hotel that is identified, promoted, or otherwise designated by the hotel as a club, nightclub, or other similar entertainment venue. For purposes of this paragraph, "hotel" means any hotel, motel, resort, bed and breakfast inn, or other similar transient lodging establishment, but it does not include any residential hotel as defined in Section 50519 of the Health and Safety Code.

(c) A hotel where the event authorized by this section is being conducted shall maintain, during all times while exercising its license privileges, other areas within the licensed premises that shall be made readily available to the public not attending the authorized event.

(d) Except as provided in paragraph (2) of subdivision (b), an event authorized by this section shall not be conducted on premises for which a permanent retail license has been issued.

(e) Except for fair market value payments authorized pursuant to this section, a retail licensee, including the licensed caterer or the licensed hotel, shall not receive, nor shall the licensee conducting the event give, any other item of value or benefit in connection with events authorized by this section.

(f) The person authorized by this section to provide, free of charge, entertainment, food, and beverages shall be present during the event.

(g) The person authorized by this section to provide, free of charge, entertainment, food, and beverages shall have sole responsibility for providing payment for the entertainment, food, beverages, and rental fees at the event. Payments for entertainment, food, beverages, and rental fees shall not exceed fair market value. No other licensed person shall be authorized, under this section, to provide any portion of these payments.

(h) Requests for attendance at the event shall be by invitation sent to consumers over 21 years of age at a specific address via mail or email, by telephone, or presented in person. Invitations or other advertisements of the event shall not be disseminated by any other means. Invitations shall not be sent by the authorized person or their authorized unlicensed agent inviting all of the employees of a retail licensee or a chain of retail licensees under common ownership to an authorized event.

(i) Attendance at the event shall be limited to consumers who receive and accept an invitation to the event. Invited consumers may each invite one guest. All attendees shall be over 21 years of age. The total number of consumers and their guests allowed at any event authorized by this section shall not exceed 600 people. Admittance to the event shall be controlled by a list containing the names of consumers who accepted the invitation and their guests. The persons identified in this section shall be responsible for compliance.

(j) No premium, gift, free goods, or other thing of value may be given away in connection with the event, except as authorized by this division.

(k) The duration of any event authorized by this section shall not exceed four hours.

25600.5.

(1) (1) Subject to paragraph (3), a person authorized to conduct events pursuant to this section shall not conduct more than 12 events in a calendar year where the consumers and guests in attendance exceed 100 people, and not more than 24 events in a calendar year where the consumers and guests in attendance is 100 people or fewer.

(2) The limitation on events authorized by this section shall be by person, whether that person holds a single license or multiple licenses. If a person holds multiple licenses, the limitation shall be applied to the person holding the license, not by type of license.

(3) A licensee authorized to conduct events pursuant to this section shall not conduct more than two events in a calendar year on the premises of any single licensed hotel or other licensed hotel under the same or common ownership.

(4) The licensee conducting the event shall not advertise any retail licensee. If the event is held on the premises of a retail licensee as permitted by this section, the licensee conducting the event may list the retailer's name and address in the invitation and any related advertising for the sole purpose of identifying the location of the event. The listing of the retailer's name and address shall be the only reference to the retail licensee and shall be relatively inconspicuous in relation to the invitation or advertisement as a whole. Pictures or illustrations of the retailer's premises, or laudatory references to the retailer, shall not be permitted.

(5) (A) Other than as specifically authorized by this section, alcoholic beverage promotions of any sort shall not be conducted by any licensee in conjunction with an event held on the premises of a retail licensee pursuant to this section. This restriction includes any discounted drink specials offered by the retail licensee to consumers.

(B) For purposes of this paragraph, "in conjunction with" means during an event and any period within 24 hours before and 24 hours following an event.

(6) A retail licensee shall conspicuously offer for sale alcoholic beverages other than the products produced, distributed, bottled, or otherwise offered for sale by the licensee conducting the event.

(m) At least 30 days prior to an event, the licensee, or its authorized unlicensed agent, authorized to conduct the event shall apply to the department for a permit authorizing the event. In addition to any other information required by the department, the licensee shall provide the department all of the following information:

(1) The name of the company authorized to conduct the event.

(2) The number of people planned to be in attendance.

(3) The start and end times for the event.

(4) The location of the event.

25600.5.

(5) The name of the caterer, if required, obtaining the caterer's authorization for the event.

(n) All alcoholic beverages provided pursuant to this section shall be purchased from the holder of the caterer's permit or the licensed hotel, as applicable.

(o) All alcoholic beverages served at an event authorized by this section shall be served in accordance with Sections 25631 and 25632.

(p) No person authorized to conduct an event pursuant to this section shall hold such an event at the same location more than eight times in a calendar year.

(q) The person authorized to conduct an event under this section may provide attendees at the event with a free ride home. The free rides shall only constitute free ground transportation to attendees' homes or to hotels or motels where attendees are staying.

(r) In addition to the prescribed fee imposed upon a licensed caterer to conduct an event authorized by this section, a fee of two hundred dollars (\$200) shall be collected by the department from the licensee, or its authorized unlicensed agent, authorized by this section to provide, free of charge, entertainment, and beverages at an authorized event.

(s) All licensees involved in events held pursuant to this section shall be responsible for compliance with this section, and with all other provisions of this division in connection with these events, and each may be subject to discipline for violation of this division.

(t) The Legislature finds and declares both of the following:

(1) That it is necessary and proper to require a separation between 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.

(2) Any exception established by the Legislature to the general prohibition against tied interests must be limited to the express terms of the exception so as to not undermine the general prohibitions.

(u) This section shall remain in effect only until January 1, 2023, and as of that date is repealed.

AB 997 (Aguiar-Curry), Chapter 788, Statutes of 2017, amends 25607 to allow a winegrower and a beer manufacturer that holds a small beer manufacturer's license and who operate licensed premises that are immediately adjacent to each other (neither of which may be operated under a duplicate license for a branch office), to share a common licensed area (under specified circumstances) in which consumers may consume beer purchased at the brewery and wine purchased at the winery.

SECTION 1.

Section 25607 of the Business and Professions Code is amended to read:

25607.

(a) Except as provided in subdivisions (b) and (c), it is unlawful for any person or licensee to have upon any premises for which a license has been issued any alcoholic beverages other than the alcoholic beverage which the licensee is authorized to sell at the premises under his or her license. It shall be presumed that all alcoholic beverages found or located upon premises for which licenses have been issued belong to the person or persons to whom the licenses were issued. Every person violating the provisions of this section is guilty of a misdemeanor. The department may seize any alcoholic beverages found in violation of this section.

(b) A bona fide public eating place for which an on-sale beer and wine license has been issued may have upon the premises brandy, rum, or liqueurs for use solely for cooking purposes.

(c) (1) A licensed winegrower and a licensed beer manufacturer that holds a small beer manufacturer's license, whose licensed premises of production are immediately adjacent to each other and which are not branch offices, may, with the approval of the department and under such conditions as the department may require, share a common licensed area in which the consumption of alcoholic beverages is permitted, only under all of the following circumstances:

(A) The shared common licensed area is adjacent and contiguous to the licensed premises of both the licensed winegrower and the licensed beer manufacturer that holds a small beer manufacturer's license.

(B) The licensed premises of both the licensed winegrower and the licensed beer manufacturer that holds a small beer manufacturer's license are not branch offices.

(C) The shared common licensed area must be readily accessible from the premises of both the licensed winegrower and the licensed beer manufacturer without the necessity of using a public street, alley, or sidewalk.

(D) Except as otherwise authorized by this division, the alcoholic beverages that may be consumed in the shared common licensed area must be purchased by the consumer only from either the licensed winegrower or the licensed beer manufacturer.

(E) Both the licensed winegrower and the licensed beer manufacturer shall be jointly responsible for compliance with the provisions of this division and for any violations that may occur within the shared common licensed area.

25607.

(2) Nothing in this subdivision is intended to authorize either the licensed winegrower or the licensed beer manufacturer to sell, furnish, give, or have upon their respective licensed premises any alcoholic beverages, or to engage in any other activity, not otherwise authorized by this division.

SB 228 (Dodd), Chapter 119, Statutes of 2017, amends 25608 and expands current exceptions to the prohibition against the possession, consumption, or sale of alcoholic beverages on school grounds, to authorize beer to be possessed, consumed, or sold at qualified community college districts that have a brewing instructional program (expands existing law that applied only to wine possessed, consumed, or sold in connection with a course of instruction in enology and viticulture).

SECTION 1.

Section 25608 of the Business and Professions Code is amended to read:

25608.

(a) Every person who possesses, consumes, sells, gives, or delivers to another person an alcoholic beverage in or on a public schoolhouse or the grounds of the schoolhouse, is guilty of a misdemeanor. This section does not, however, make it unlawful for a person to acquire, possess, or use an alcoholic beverage in or on a public schoolhouse, or on the grounds of the schoolhouse, if any of the following applies:

(1) The alcoholic beverage possessed, consumed, or sold, pursuant to a license obtained under this division, is wine or beer that is produced by a bonded winery or brewery owned or operated as part of an instructional program in viticulture and enology or brewing.

(2) The alcoholic beverage is acquired, possessed, or used in connection with a course of instruction given at the school and the person has been authorized to acquire, possess, or use it by the governing body or other administrative head of the school.

(3) The public schoolhouse is surplus school property and the grounds of the schoolhouse are leased to a lessee that is a general law city with a population of less than 50,000, or the public schoolhouse is surplus school property and the grounds of the schoolhouse are located in an unincorporated area and are leased to a lessee that is a civic organization, and the property is to be used for community center purposes and no public school education is to be conducted on the property by either the lessor or the lessee and the property is not being used by persons under the age of 21 years for recreational purposes at any time during which alcoholic beverages are being sold or consumed on the premises.

(4) The alcoholic beverages are acquired, possessed, or used during events at a college-owned or college-operated veterans stadium with a capacity of over 12,000

25608.

people, located in a county with a population of over 6,000,000 people. As used in this paragraph, "events" mean football games sponsored by a college, other than a public community college, or other events sponsored by noncollege groups.

(5) The alcoholic beverages are acquired, possessed, or used during an event not sponsored by any college at a performing arts facility built on property owned by a community college district and leased to a nonprofit organization that is a public benefit corporation formed under Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code. As used in this paragraph, "performing arts facility" means an auditorium with more than 300 permanent seats.

(6) The alcoholic beverage is wine for sacramental or other religious purposes and is used only during authorized religious services held on or before January 1, 1995.

(7) The alcoholic beverages are acquired, possessed, or used during an event at a community center owned by a community services district or a city and the event is not held at a time when students are attending a public school-sponsored activity at the center.

(8) The alcoholic beverage is wine that is acquired, possessed, or used during an event sponsored by a community college district or an organization operated for the benefit of the community college district where the college district maintains both an instructional program in viticulture on no less than five acres of land owned by the district and an instructional program in enology, which includes sales and marketing.

(9) The alcoholic beverage is acquired, possessed, or used at a professional minor league baseball game conducted at the stadium of a community college located in a county with a population of less than 250,000 inhabitants, and the baseball game is conducted pursuant to a contract between the community college district and a professional sports organization.

(10) The alcoholic beverages are acquired, possessed, or used during events at a college-owned or college-operated stadium or other facility. As used in this paragraph, "events" means fundraisers held to benefit a nonprofit corporation that has obtained a license pursuant to this division for the event. "Events" does not include football games or other athletic contests sponsored by any college or public community college. This paragraph does not apply to any public education facility in which any grade from kindergarten to grade 12, inclusive, is schooled.

(11) The alcoholic beverages are possessed, consumed, or sold, pursuant to a license, permit, or authorization obtained under this division, for an event held at an overnight retreat facility owned and operated by a county office of education or a school district at times when pupils are not on the grounds.

(12) The grounds of the public schoolhouse on which the alcoholic beverage is acquired, possessed, used, or consumed is property that has been developed and is used for residential facilities or housing that is offered for rent, lease, or sale exclusively to faculty or staff of a public school or community college.

25608.

(13) The grounds of a public schoolhouse on which the alcoholic beverage is acquired, possessed, used, or consumed is property of a community college that is leased, licensed, or otherwise provided for use as a water conservation demonstration garden and community passive recreation resource by a joint powers agency comprised of public agencies, including the community college, and the event at which the alcoholic beverage is acquired, possessed, used, or consumed is conducted pursuant to a written policy adopted by the governing body of the joint powers agency and no public funds are used for the purchase or provision of the alcoholic beverage.

(14) The alcoholic beverage is beer or wine acquired, possessed, used, sold, or consumed only in connection with a course of instruction, sponsored dinner, or meal demonstration given as part of a culinary arts program at a campus of a California community college and the person has been authorized to acquire, possess, use, sell, or consume the beer or wine by the governing body or other administrative head of the school.

(15) The alcoholic beverages are possessed, consumed, or sold, pursuant to a license or permit obtained under this division for special events held at the facilities of a public community college during the special event. As used in this paragraph, "special event" means events that are held with the permission of the governing board of the community college district that are festivals, shows, private parties, concerts, theatrical productions, and other events held on the premises of the public community college and for which the principal attendees are members of the general public or invited guests and not students of the public community college.

(16) The alcoholic beverages are acquired, possessed, or used during an event at a community college-owned facility in which any grade from kindergarten to grade 12, inclusive, is schooled, if the event is held at a time when students in any grades from kindergarten to grade 12, inclusive, are not present at the facility. As used in this paragraph, "events" include fundraisers held to benefit a nonprofit corporation that has obtained a license pursuant to this division for the event.

(17) The alcoholic beverages are acquired, possessed, used, or consumed pursuant to a license or permit obtained under this division for special events held at facilities owned and operated by an educational agency, a county office of education, superintendent of schools, school district, or community college district at a time when pupils are not on the grounds. As used in this paragraph, "facilities" include, but are not limited to, office complexes, conference centers, or retreat facilities.

(b) Any person convicted of a violation of this section shall, in addition to the penalty imposed for the misdemeanor, be barred from having or receiving any privilege of the use of public school property that is accorded by Article 2 (commencing with Section 82537) of Chapter 8 of Part 49 of Division 7 of Title 3 the Education Code.

AB 1221 (Gonzalez Fletcher), Chapter 847, Statutes of 2017, creates Article 4 and is added to Chapter 16 of Division 9 of the Business and Professions Code (adding 2580-25686) and establishes the Responsible Beverage Service (“RBS”) Training Program Act of 2017, which requires licensees, beginning July 1, 2021, to ensure that any alcohol server successfully completes an RBS training course approved or offered by the Department. Applies to both retail and non-retail licensees that serve alcohol for consumption on the premises.

SECTION 1.

This act shall be known, and may be cited, as the Responsible Beverage Service Training Program Act of 2017.

SEC. 2.

Article 4 (commencing with Section 25680) is added to Chapter 16 of Division 9 of the Business and Professions Code, to read:

Article 4. Responsible Beverage Service (RBS) Training Program Act of 2017
25680.

For purposes of this article:

(a) “Alcohol server” means a person who serves alcoholic beverages for consumption, or a person who manages or supervises that person, on premises licensed to serve alcoholic beverages pursuant to this division, including a designee for alcoholic beverage sales and service pursuant to temporary license.

(b) “Alcohol server certification” means a certification issued by a training provider to a person who has successfully completed an RBS training course, as demonstrated by the passage of an exam.

(c) “RBS training course” means a course administered by a training provider that is designed to instruct and educate alcohol servers on responsible practices regarding the sale and service of alcoholic beverages that includes, but is not limited to, instruction on the following subjects:

(1) The social impact of alcohol.

(2) The impact of alcohol on the body.

(3) State laws and regulations relating to alcoholic beverage control, including laws and regulations related to driving under the influence.

(4) Intervention techniques to prevent the service or sale of alcoholic beverages to underage persons or intoxicated patrons.

(5) The development of management policies that support the prevention of service or sale of alcoholic beverages to underage persons or intoxicated patrons.

25680.

(d) "RBS training program" means a statewide Responsible Beverage Service training program administered or authorized by the department that provides RBS training courses to licensees and their agents and employees.

(e) "Training provider" means any of the following:

(1) A training provider accredited by an accreditation agency, provided that the accreditation agency is authorized by the department to accredit training providers offering RBS training courses.

(2) A training provider approved by the department, pursuant to rules promulgated by the department pursuant to subdivision (b) of Section 25681.

(3) The department when offering RBS training courses.

25681.

(a) On or before January 1, 2020, the department shall develop, implement, and administer a curriculum for an RBS training program that will make RBS training courses available, both in person and online, to all persons required to obtain an alcohol server certification pursuant to this article. RBS training courses shall, at a minimum, be offered in English and Spanish.

(1) The department may be a provider of RBS training courses.

(2) The department shall authorize one or more accreditation agencies to accredit training providers to offer RBS training courses that meet the curriculum requirements established by the department. The department may collect fees to cover its reasonable costs for the review, approval, and renewal of the approval of accreditation agencies.

(3) An accredited training provider shall register with the department once accredited.

(b) (1) The department may approve training providers that are not accredited by an accreditation agency authorized by the department. On or before January 1, 2020, the department shall promulgate regulations setting forth the requirements for approval for training providers that are not accredited. At a minimum, training providers that are not accredited shall:

(A) Possess background and expertise in the fields of alcohol, training, hospitality, and psychology.

(B) Keep records of all certifications issued and, upon request, make these available to the department or other law enforcement agencies.

(C) Provide technical support to servers and customers.

25681.

(D) Maintain strict data security protocols.

(E) Comply with any other requirements established by the department.

(2) The department may collect fees to cover its reasonable costs for the review, approval, and renewal of the approval of training providers that are not accredited by an accreditation agency.

(c) A training provider shall register with the department once accredited by an authorized accreditation agency or approved by the department.

(d) A training provider shall issue alcohol server certifications to persons who have successfully completed an RBS training course and passed an exam.

(e) An alcohol server certification shall be valid for a period of three years from the date of issuance and shall be valid for any person employed by a licensee that is subject to this article.

25682.

(a) Beginning July 1, 2021, a licensee that is subject to this article shall not employ or continue to employ any alcohol server without a valid alcohol server certification.

(1) An alcohol server who was employed by the licensee prior to July 1, 2021, shall obtain an alcohol server certification by August 31, 2021.

(2) An alcohol server employed by the licensee on or after July 1, 2021, shall obtain an alcohol server certification within 60 calendar days of employment.

(b) (1) A licensee subject that is to this article shall ensure that each alcohol server it employs has a valid alcohol server certification. The licensee shall maintain records of certifications for inspection, upon request, by the department.

(2) Except for a violation of subdivision (c), it shall be a defense against any action for a violation of this article that the alcohol server was within 60 calendar days of initial employment or, with regard to employees employed prior to July 1, 2021, between July 1, 2021, and August 31, 2021, inclusive.

(c) A nonprofit organization that has obtained a temporary daily on-sale license or a temporary daily off-sale license from the department shall designate a person or persons to receive RBS training prior to the event, and that designated person or persons shall remain on site for the duration of the event.

25683.

A person shall not perform duties that include the sale or service of alcoholic beverages for consumption on licensed premises, and shall not manage that person, without a valid alcohol server certification.

25684.

The failure of a licensee to comply with this article shall be grounds for disciplinary action. A violation of this article shall not be grounds for any criminal action, pursuant to this division, against a licensee or an agent or employee of a licensee.

25685.

(a) The department may charge a fee, not to exceed fifteen dollars (\$15) per person, for any RBS training course provided by the department. Any moneys collected under this article shall be deposited in the Alcohol Beverage Control Fund.

(b) The department may adopt rules that it determines necessary for the administration of the provisions of this article.

25686.

Nothing in this section shall be construed to expand the existing duties of a licensee in connection with the sale and service of alcoholic beverages. An alcohol server shall continue to be subject to subdivisions (b) and (c) of Section 25602.

AB 400 (Cooper), Chapter 224, Statutes of 2017, amends section 172 of the Penal Code with an urgency clause to allow specified non-profit organizations to sell alcoholic beverages on State Capitol grounds, subject to obtaining a one-day license issued by the Department.

SECTION 1.

Section 172 of the Penal Code is amended to read:

172.

(a) Every person who, within one-half mile of the land belonging to this state upon which any state prison, or within 1,900 feet of the land belonging to this state upon which any Youth Authority institution is situated, or within one mile of the grounds belonging to the University of California, at Berkeley, or within one mile of the grounds belonging to the University of California at Santa Barbara, as such grounds existed as of January 1, 1961, or within one mile of the grounds belonging to Fresno State College, as such grounds existed as of January 1, 1959, or within three miles of the University Farm at Davis, or within 1¹/₂ miles of any building actually occupied as a home, retreat, or asylum for ex-soldiers, sailors, and marines of the Army and Navy of the United States, established or to be established by this state, or by the United States within this state, or within the State Capitol, or within the limits of the grounds adjacent and belonging thereto, sells or exposes for sale, any alcoholic beverage, is guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not less than one hundred dollars (\$100), or by imprisonment for not less than 50 days or by both such fine and imprisonment, in the discretion of the court.

(b) The provision of subdivision (a) of this section prohibiting the sale or exposure for sale of any alcoholic beverage within 1,900 feet of the land belonging to this state

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upon which any Youth Authority institution is situated shall not apply with respect to the Fred C. Nelles School for Boys.

(c) Except within the State Capitol or the limits of the grounds adjacent and belonging thereto, as mentioned in subdivision (a) of this section, the provisions of this section shall not apply to the sale or exposing or offering for sale of ale, porter, wine, similar fermented malt or vinous liquor or fruit juice containing one-half of 1 percent or more of alcohol by volume and not more than 3.2 percent of alcohol by weight nor the sale or exposing or offering for sale of beer.

(d) Distances provided in this section shall be measured not by airline but by following the shortest highway or highways as defined in Section 360 of the Vehicle Code connecting the points in question. In measuring distances from the Folsom State Prison and the eastern facilities of the California Institution for Men at Chino and Youth Training School, the measurement shall start at the entrance gate.

(e) The provision of subdivision (a) prohibiting the sale or exposure for sale of any alcoholic beverage within $1\frac{1}{2}$ miles of any building actually occupied as a home, retreat, or asylum for ex-soldiers, sailors, and marines of the Army and Navy of the United States shall not apply to the Veterans' Home at Yountville, Napa County, California.

(f) The prohibition in subdivision (a) on the sale or exposure for sale of any alcoholic beverage within the State Capitol or within the limits of the grounds adjacent and belonging thereto does not apply with respect to an event that is held on those grounds if all of the following conditions are met:

(1) The event is organized and operated by a nonprofit organization that is located in the City of Sacramento for purposes of increasing awareness of the Sacramento region and promoting education about the food and wine of the Sacramento region.

(2) Tickets for the event are sold on a presale basis only and are not available for sale at the event.

(3) Each attendee has purchased a ticket for the event, regardless of whether the attendee consumes any food or alcohol at the event.

(4) Alcohol is not sold at the event, and any orders or any other activities that would constitute exposure for sale of alcoholic beverages do not occur at the event, except as authorized by this subdivision.

SEC. 2.

The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances in the City of Sacramento.

SEC. 3.

This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California

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Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to benefit local nonprofit organizations and the public at the earliest possible time, it is necessary that this act take effect immediately.

AB 260 (Santiago), Chapter 547, Statutes of 2017 and SB 225 (Stern), Chapter 565 Statutes of 2017 amend section 52.6 of the California Civil Code to:

- **As of January 1, 2018, adds hotels, motels, and bed and breakfast inns (not including personal residences) to the list of businesses required to post a human trafficking notice (as specified).**
- **Require the Department of Justice to create an updated model human trafficking notice incorporating an additional human trafficking help-line phone number on or before January 1, 2019 (as specified per SB 225).**
- **Provide a text phone number in addition to the existing Human Trafficking Hotline – text 233-733 (Be free).**
- **Additionally require a variety of establishments, including on-sale general public premises ABC licensees and hotels, motels, and bed and breakfast inns, to post the Department of Justice’s updated human trafficking notice on or before January 1, 2019.**

52.6.

(a) Each of the following businesses and other establishments shall, upon the availability of the model notice described in subdivision (d), post a notice that complies with the requirements of this section in a conspicuous place near the public entrance of the establishment or in another conspicuous location in clear view of the public and employees where similar notices are customarily posted:

(1) On-sale general public premises licensees under the Alcoholic Beverage Control Act (Division 9 (commencing with Section 23000) of the Business and Professions Code).

(2) Adult or sexually oriented businesses, as defined in subdivision (a) of Section 318.5 of the Penal Code.

(3) Primary airports, as defined in Section 47102(16) of Title 49 of the United States Code.

(4) Intercity passenger rail or light rail stations.

(5) Bus stations.

(6) Truck stops. For purposes of this section, “truck stop” means a privately owned and operated facility that provides food, fuel, shower or other sanitary facilities, and lawful overnight truck parking.

(7) Emergency rooms within general acute care hospitals.

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(8) Urgent care centers.

(9) Farm labor contractors, as defined in subdivision (b) of Section 1682 of the Labor Code.

(10) Privately operated job recruitment centers.

(11) Roadside rest areas.

(12) Businesses or establishments that offer massage or bodywork services for compensation and are not described in paragraph (1) of subdivision (b) of Section 4612 of the Business and Professions Code.

(13) Hotels, motels, and bed and breakfast inns, as defined in subdivision (b) of Section 24045.12 of the Business and Professions Code, not including personal residences.

(b) The notice to be posted pursuant to subdivision (a) shall be at least eight and one-half inches by 11 inches in size, written in a 16-point font, and shall state the following:

“If you or someone you know is being forced to engage in any activity and cannot leave—whether it is commercial sex, housework, farm work, construction, factory, retail, or restaurant work, or any other activity—call the National Human Trafficking Resource Center at 1-888-373-7888 or the California Coalition to Abolish Slavery and Trafficking (CAST) at 1-888-KEY-2-FRE(EDOM) or 1-888-539-2373 to access help and services.

Victims of slavery and human trafficking are protected under United States and California law.

The hotlines are:

- Available 24 hours a day, 7 days a week.
- Toll-free.
- Operated by nonprofit, nongovernmental organizations.
- Anonymous and confidential.
- Accessible in more than 160 languages.
- Able to provide help, referral to services, training, and general information.”

(c) The notice to be posted pursuant to subdivision (a) shall be printed in English, Spanish, and in one other language that is the most widely spoken language in the county where the establishment is located and for which translation is mandated by the federal Voting Rights Act (42 U.S.C. Sec. 1973 et seq.), as applicable. This section does not require a business or other establishment in a county where a language other than English or Spanish is the most widely spoken language to print the notice in more than one language in addition to English and Spanish.

52.6.

(d) On or before April 1, 2013, the Department of Justice shall develop a model notice that complies with the requirements of this section and make the model notice available for download on the department's Internet Web site.

(e) A business or establishment that fails to comply with the requirements of this section is liable for a civil penalty of five hundred dollars (\$500) for a first offense and one thousand dollars (\$1,000) for each subsequent offense. A government entity identified in Section 17204 of the Business and Professions Code may bring an action to impose a civil penalty pursuant to this subdivision against a business or establishment if a local or state agency with authority to regulate that business or establishment has satisfied both of the following:

(1) Provided the business or establishment with reasonable notice of noncompliance, which informs the business or establishment that it is subject to a civil penalty if it does not correct the violation within 30 days from the date the notice is sent to the business or establishment.

(2) Verified that the violation was not corrected within the 30-day period described in paragraph (1).

SEC. 1.5.

Section 52.6 of the Civil Code is amended to read:

52.6.

(a) Each of the following businesses and other establishments shall, upon the availability of the model notice described in subdivision (d), post a notice that complies with the requirements of this section in a conspicuous place near the public entrance of the establishment or in another conspicuous location in clear view of the public and employees where similar notices are customarily posted:

(1) On-sale general public premises licensees under the Alcoholic Beverage Control Act (Division 9 (commencing with Section 23000) of the Business and Professions Code).

(2) Adult or sexually oriented businesses, as defined in subdivision (a) of Section 318.5 of the Penal Code.

(3) Primary airports, as defined in Section 47102(16) of Title 49 of the United States Code.

(4) Intercity passenger rail or light rail stations.

(5) Bus stations.

(6) Truck stops. For purposes of this section, "truck stop" means a privately owned and operated facility that provides food, fuel, shower or other sanitary facilities, and lawful overnight truck parking.

(7) Emergency rooms within general acute care hospitals.

(8) Urgent care centers.

(9) Farm labor contractors, as defined in subdivision (b) of Section 1682 of the Labor Code.

(10) Privately operated job recruitment centers.

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(11) Roadside rest areas.

(12) Businesses or establishments that offer massage or bodywork services for compensation and are not described in paragraph (1) of subdivision (b) of Section 4612 of the Business and Professions Code.

(13) Hotels, motels, and bed and breakfast inns, as defined in subdivision (b) of Section 24045.12 of the Business and Professions Code, not including personal residences.

(b) The notice to be posted pursuant to subdivision (a) shall be at least 8¹/₂ inches by 11 inches in size, written in a 16-point font, and shall state the following:

“If you or someone you know is being forced to engage in any activity and cannot leave—whether it is commercial sex, housework, farm work, construction, factory, retail, or restaurant work, or any other activity—text 233-733 (Be Free) or call the National Human Trafficking Hotline at 1-888-373-7888 or the California Coalition to Abolish Slavery and Trafficking (CAST) at 1-888-KEY-2-FRE(EDOM) or 1-888-539-2373 to access help and services.

Victims of slavery and human trafficking are protected under United States and California law.

The hotlines are:

- Available 24 hours a day, 7 days a week.
- Toll-free.
- Operated by nonprofit, nongovernmental organizations.
- Anonymous and confidential.
- Accessible in more than 160 languages.
- Able to provide help, referral to services, training, and general information.”

(c) The notice to be posted pursuant to subdivision (a) shall be printed in English, Spanish, and in one other language that is the most widely spoken language in the county where the establishment is located and for which translation is mandated by the federal Voting Rights Act (42 U.S.C. Sec. 1973 et seq.), as applicable. This section does not require a business or other establishment in a county where a language other than English or Spanish is the most widely spoken language to print the notice in more than one language in addition to English and Spanish.

(d) (1) On or before April 1, 2013, the Department of Justice shall develop a model notice that complies with the requirements of this section and make the model notice available for download on the department’s Internet Web site.

(2) On or before January 1, 2019, the Department of Justice shall revise and update the model notice to comply with the requirements of this section and make the updated model notice available for download on the department’s Internet Web site. A business or establishment

52.6.

required to post the model notice shall not be required to post the updated model notice until on and after January 1, 2019.

(e) A business or establishment that fails to comply with the requirements of this section is liable for a civil penalty of five hundred dollars (\$500) for a first offense and one thousand dollars (\$1,000) for each subsequent offense. A government entity identified in Section 17204 of the Business and Professions Code may bring an action to impose a civil penalty pursuant to this subdivision against a business or establishment if a local or state agency with authority to regulate that business or establishment has satisfied both of the following:

(1) Provided the business or establishment with reasonable notice of noncompliance, which informs the business or establishment that it is subject to a civil penalty if it does not correct the violation within 30 days from the date the notice is sent to the business or establishment.

(2) Verified that the violation was not corrected within the 30-day period described in paragraph (1).

SEC. 2.

Section 1.5 of this bill incorporates amendments to Section 52.6 of the Civil Code proposed by both this bill and Senate Bill 225. That section shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2018, (2) each bill amends Section 52.6 of the Civil Code, and (3) this bill is enacted after Senate Bill 225, in which case Section 1 of this bill shall not become operative.