

Date of Hearing: May 10, 2018

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Adam Gray, Chair

AB 3264 (Committee on Governmental Organization) – As Amended April 24, 2018

SUBJECT: Alcoholic beverages: licensees

SUMMARY: Would permit winegrowers, beer manufacturers, and distilled spirits manufacturers to describe the “*related terminology and handling*” of their products, in addition to other characteristics already permitted, when engaging in tastings or instructional events for their licensees or employees. In addition, makes a non-substantive change to a provision in the Alcoholic Beverage Control Act (Act).

EXISTING LAW:

- 1) Establishes the Department of Alcoholic Beverage Control (ABC) and grants it exclusive authority to administer the provisions of the Act in accordance with laws enacted by the Legislature. This involves licensing individuals and businesses associated with the manufacture, importation and sale of alcoholic beverages in this state and the collection of license fees for this purpose.
- 2) Existing law, known as the “tied-house” law, separates the alcoholic beverage industry into three component parts of manufacturer, wholesaler, and retailer. The original policy rationale for this body of law was to prohibit the vertical integration of the alcohol industry and to protect the public from predatory marketing practices. Generally, other than exemptions granted by the Legislature, the holder of one type of license is not permitted to do business as another type of licensee within the “three-tier” system.
- 3) Permits a winegrower, beer manufacturer, a beer and wine wholesaler, or distilled spirits manufacturer to instruct licensees and their employees, or to conduct courses of instruction for licensees and their employees, on the subject of wine, beer, or distilled spirits, including, but not limited to, the history, nature, values, and characteristics of those beverages and the methods of presenting and serving those beverages.
- 4) Existing law also permits an on-sale retail licensee of wine or distilled spirits to conduct “instructional” consumer tastings on the licensed retail premise provided the following conditions are met: (1) no more than ¼ ounce of distilled spirits is offered in one tasting; (2) no more than one ounce of wine is offered in one tasting; and, (3) no more than three tastings are offered to an individual in one day. An instruction may include the history, nature, values and characteristics of the product being offered, and the methods of presenting and serving the product.
- 5) Authorizes, as a limited exception to the general tied-house rule, beer manufacturers, beer wholesalers, and beer importers to conduct instructional beer tastings (not to exceed eight ounces per person, per day) to consumers of legal drinking age at on-sale retail licensed premises under specified conditions.

FISCAL EFFECT: This bill is keyed non-fiscal by Legislative Counsel.

COMMENTS:

Purpose of the bill. This is the annual Committee on Governmental Organization omnibus bill. It contains numerous minor or non-controversial changes to the Act.

According to the author's office, craft brewers and wineries are producing award-winning beers and wines that are recognized and purchased in national and international markets. These licensed entities have also installed tasting rooms to accommodate consumers and to facilitate tourism and economic growth in their respective local communities. In addition, craft breweries have taken advantage of expanded opportunities for on-site beer tastings at restaurants and bars. During such tasting events, individuals usually inquire as to the actual "related terminology and handling" of the beers and wines. The author's office claims that existing law does not explicitly permit a response to questions relating to "terminology and handling" of the product. This bill is simply intended to affirmatively provide that authority.

The bill also makes a technical and clarifying change to an existing provision within the Act.

REGISTERED SUPPORT / OPPOSITION:**Support**

None on file

Opposition

None on file

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