
Introduced by Senator Thompson

February 22, 1995

An act to amend Section 25503.28 of the Business and Professions Code, relating to alcoholic beverages.

LEGISLATIVE COUNSEL'S DIGEST

SB 632, as introduced, M. Thompson. Alcoholic beverages: tied-house restrictions.

Existing provisions of the Alcoholic Beverage Control Act known as "tied-house" restrictions generally prohibit an on-sale alcoholic beverage licensee from having an ownership interest in an alcoholic beverage manufacturer. Existing law allows as an exception to those provisions a holder of no more than 6 on-sale licenses to own a microbrewery, as specified.

This bill would instead make that exception applicable to the holder of no more than 4 on-sale licenses.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 25503.28 of the Business and
2 Professions Code is amended to read:
3 25503.28. (a) Notwithstanding any other provision of
4 this division, the holder of no more than ~~six~~ *four* on-sale
5 licenses, or any officer, director, employee, or agent of
6 that licensee, or the holder of no more than one on-sale
7 license and one off-sale general license in a county of the
8 39th class only, or any officer, director, employee, or

1 agent of that licensee, may own a licensed beer
2 manufacturer holding a license pursuant to paragraph
3 (a) of subdivision (1) of Section 23320, and may serve on
4 the board of directors and as an officer or employee of a
5 licensed beer manufacturer.

6 (b) An on-sale licensee specified in subdivision (a)
7 shall purchase no alcoholic beverages for sale in this state
8 other than from a wholesale or winegrower licensee,
9 except for any alcoholic beverages manufactured by the
10 licensed beer manufacturer at a single location
11 contiguous or adjacent to the premises of the on-sale
12 licensee.

13 (c) The Legislature finds that it is necessary and
14 proper to require a separation between manufacturing
15 interests, wholesale interests, and retail interests in the
16 production and distribution of alcoholic beverages in
17 order to prevent suppliers from dominating local markets
18 through vertical integration and to prevent excessive
19 sales of alcoholic beverages produced by overly
20 aggressive marketing techniques. The Legislature
21 further finds that the exception established by this section
22 to the general prohibition against tied interests must be
23 limited to its expressed terms so as not to undermine the
24 general prohibition, and intends that this section be
25 construed accordingly.

26 (d) This section shall remain in effect only until
27 January 1, 1998, and as of that date is repealed.

