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BUSINESS AND PROFESSIONS CODE - BPC

DIVISION 9. ALCOHOLIC BEVERAGES [23000 - 25762] (*Division 9 added by Stats. 1953, Ch. 152.*)

CHAPTER 15. Tied-House Restrictions [25500 - 25512] (*Chapter 15 added by Stats. 1953, Ch. 152.*)

25500. (a) No manufacturer, winegrower, manufacturer's agent, rectifier, California winegrower's agent, distiller, bottler, importer, or wholesaler, or any officer, director, or agent of any such person shall:

(1) Hold the ownership, directly or indirectly, of any interest in any on-sale license.

(2) Furnish, give, or lend any money or other thing of value, directly or indirectly, to, or guarantee the repayment of any loan or the fulfillment of any financial obligation of, any person engaged in operating, owning, or maintaining any on-sale premises where alcoholic beverages are sold for consumption on the premises.

(3) Own any interest, directly or indirectly, in the business, furniture, fixtures, refrigeration equipment, signs, except signs for interior use mentioned in subdivision (g) of Section 25503, or lease in or of any premises operated or maintained under any on-sale license for the sale of alcoholic beverages for consumption on the premises where sold; or own any interest, directly or indirectly, in realty acquired after June 13, 1935, upon which on-sale premises are maintained unless the holding of the interest is permitted in accordance with rules of the department.

(b) This section does not apply to the holding by one person of a wholesaler's license and an on-sale license in counties not to exceed 15,000 population.

(c) This section does not apply to the financial or representative relationship between a manufacturer, winegrower, manufacturer's agent, rectifier, California winegrower's agent, distiller, bottler, importer, or wholesaler, or any officer, director, or agent of such person, and a person holding only one of the following types of licenses:

(1) On-sale general license for a bona fide club.

(2) Club license issued under Article 4 (commencing with Section 23425) of Chapter 3.

(3) Veterans' club license issued under Article 5 (commencing with Section 23450) of Chapter 3.

(4) On-sale license for boats, trains, sleeping cars, or airplanes where the alcoholic beverages produced or sold by the manufacturer, winegrower, manufacturer's agent, rectifier, California winegrower's agent, bottler, importer, or wholesaler or any officer, director, or agent of the person are not sold, furnished, or given, directly or indirectly to the on-sale licensee.

(d) This section does not apply to an employee of a licensee referred to in subdivision (a) who is a nonadministrative and nonsupervisory employee.

(e) Notwithstanding any other provision of this division or regulation of the department, this section does not apply to an employee of a licensee referred to in subdivision (a) who is the spouse of an on-sale licensee, so long as the on-sale licensee does not purchase, offer for sale, or promote, regardless of source, any of the brands of alcoholic beverages that are produced, bottled, processed, imported, rectified, distributed, represented, or sold by any licensee referred to in subdivision (a) that employs the spouse of the on-sale licensee.

(f) (1) Nothing in this division prohibits the holder of any retail on-sale or off-sale license from purchasing advertising in any publication published by a nonretail licensee.

(2) For purposes of this subdivision:

(A) "Nonretail licensee" means any manufacturer, winegrower, manufacturer's agent, rectifier, California winegrower's agent, distiller, bottler, importer, or wholesaler, or any person who does not directly or indirectly hold the ownership of any interest in a retail license.

(B) "Publication published by a nonretail licensee" includes Internet Web sites and social media feeds operated and maintained by or for a nonretail licensee under an account or Internet Web site address owned by the nonretail licensee.

(Amended by Stats. 2015, Ch. 519, Sec. 4. (AB 776) Effective January 1, 2016.)

25500.1. (a) The listing of the names, addresses, telephone numbers, email addresses, or Internet Web site addresses, or other electronic media, of two or more unaffiliated on-sale or off-sale retailers selling beer, wine, or distilled spirits produced, distributed, or imported by a nonretail industry member does not constitute a thing of value or prohibited inducement to the listed on-sale or off-sale retailer, provided all of the following conditions are met:

(1) The listing does not also contain the retail price of the product.

(2) The listing is the only reference to the on-sale or off-sale retailers in the direct communication.

(3) The listing does not refer only to one on-sale or off-sale retailer or only to on-sale or off-sale retail establishments controlled directly or indirectly by the same retailer.

(4) The listing is made, or produced, or paid for, exclusively by the nonretail industry member.

(b) For the purposes of this section, "nonretail industry member" is defined as a manufacturer, including, but not limited to, a beer manufacturer, winegrower, brandy manufacturer, rectifier, or distiller of alcoholic beverages or an agent of that entity, or a wholesaler, regardless of any other licenses held directly or indirectly by that person.

(c) 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.

(Amended by Stats. 2015, Ch. 408, Sec. 1. (AB 780) Effective January 1, 2016.)

25501. No manufacturer, bottler, importer, or wholesaler of products of the brewing industry shall:

(a) Furnish, give, rent, lend, or sell, directly or indirectly, any equipment, fixtures, or supplies, other than alcoholic beverages, to any person engaged in operating, owning, or maintaining any on-sale premises where alcoholic beverages are sold for consumption on the premises. This subdivision shall not prohibit the furnishing of draft beer pumps and iceboxes to those persons who operate on a temporary basis. Notwithstanding any other provision of this division, a manufacturer, bottler, importer, or wholesaler of products of the brewing industry may furnish, give, rent, lend, or sell, directly or indirectly, paper beverage coasters less than 25 square inches in size and having a value of less than five cents (\$0.05) per coaster or brand-identified acrylic table tent holders to any person engaged in operating, owning, or maintaining any on-sale premises where alcoholic beverages are sold for consumption on the premises.

(b) Directly or indirectly, hold the ownership or any interest, by stock ownership or otherwise, in any firm, corporation, partnership, or business, furnishing, supplying, or dealing in any office, store, or restaurant furnishings or equipment, other than signs for interior use or supplies authorized to be given under this division to any person engaged in operating, owning, or maintaining any on-sale premises.

(c) Notwithstanding any provision of this section, the holder of a beer and wine wholesaler's license may manufacture, distribute, and sell any lawful product to any person engaged in operating, owning, or maintaining any on-sale premises where alcoholic beverages are sold for consumption on the premises, provided that these products are sold by the holder of the beer and wine wholesaler's license to the on-sale licensee at a price not less than the current market price for the product.

(Amended by Stats. 1997, Ch. 774, Sec. 2.3. Effective January 1, 1998.)

25502. (a) No manufacturer, winegrower, manufacturer's agent, California winegrower's agent, rectifier, distiller, bottler, importer, or wholesaler, or any officer, director, or agent of any such person, shall, except as authorized by this division:

(1) Hold the ownership, directly or indirectly, of any interest in an off-sale license.

(2) Furnish, give, or lend any money or other thing of value, directly or indirectly, to, or guarantee the repayment of any loan or the fulfillment of any financial obligation of, any person engaged in operating, owning, or maintaining any off-sale licensed premises.

(3) Own or control any interest, directly or indirectly, by stock ownership, interlocking directors, or trusteeship, in the business, furniture, fixtures, refrigeration equipment, signs, except signs for interior use mentioned in subdivision (g) of Section 25503, or lease in premises licensed with an off-sale license.

(4) Own or control any interest, directly or indirectly, by stock ownership, interlocking directors, trusteeship, or mortgage of the realty upon which an off-sale licensed premises is maintained.

(b) Any wholesaler in counties not to exceed 15,000 population who holds both a beer and wine wholesaler's license and an off-sale general license and who held such licenses prior to September 19, 1947, may continue to hold such licenses but may not transfer the beer and wine wholesaler's license to another individual, individuals, partnership, corporation or other legal entity. Where the off-sale general license is transferred to an individual, individuals, partnership, corporation or other legal entity, the transfer shall be a person-to-person transfer only.

(c) Nothing in this section prohibits any holder of a distilled spirits manufacturer's, manufacturer's agent's, California winegrower's agent, rectifier's, or wholesaler's license, or any officer, employee, or representative of any such licensee, from acting as a trustee for any off-sale general licensee in any bankruptcy or other proceedings for the benefit of the creditors of the off-sale general licensee.

(d) Nothing in this section shall alter, change, or otherwise affect, retroactively or prospectively, any of the rights or privileges granted to a winegrower or brandy manufacturer by Section 23362, or by any other provision of this division.

(e) This section does not apply to an employee of a licensee referred to in subdivision (a) who is a nonadministrative and nonsupervisory employee.

(Amended by Stats. 1987, Ch. 1121, Sec. 3.)

25502.2. (a) A person employed or engaged by an authorized licensee may appear at a promotional event at the premises of an off-sale retail licensee for the purposes of providing autographs to consumers at the promotional event only under the following conditions:

(1) A purchase from the off-sale retail licensee is not required.

(2) A fee is not charged to attend the promotional event.

(3) Autographing may only be provided on consumer advertising specialties given by the authorized licensee to a consumer or on any item provided by the consumer.

(4) The promotional event does not exceed four hours in duration.

(5) There are no more than two promotional events per calendar year involving the same authorized licensee at a single premises of an off-sale retail licensee.

(6) The off-sale retail licensee may advertise the promotional event to be held at its licensed premises.

(7) An authorized licensee may advertise in advance of the promotional event only in publications of the authorized licensee, subject to the following conditions:

(A) The advertising only lists the name and address of the off-sale retail licensee, the name of the alcoholic beverage product being featured at the promotional event, and the time, date, and location of the off-sale retail licensee location where the promotional event is being held.

(B) The listing of the off-sale retail licensee's name and address is the only reference to the off-sale retail licensee in the advertisement and is relatively inconspicuous in relation to the advertisement as a whole, and the advertisement does not contain any pictures or illustrations of the off-sale retail licensee's premises or laudatory references to the off-sale retail licensee.

(8) A wholesaler does not directly or indirectly underwrite, share in, or contribute to any costs related to the promotional event, except that a beer and wine wholesaler that holds at least six distilled spirits wholesaler licenses may directly or indirectly underwrite, share in, or contribute to any costs related to a promotional event for which the wholesaler employs or engages the person providing autographs to consumers at the promotional event.

(9) The authorized licensee notifies the department in writing of the promotional event at least 30 days in advance of the promotional event.

(10) The authorized licensee maintains records necessary to establish its compliance with this section.

(b) For purposes of this section, "authorized licensee" means a manufacturer, winegrower, manufacturer's agent, California winegrower's agent, rectifier, importer, brandy manufacturer, brandy importer, or wholesaler.

(Amended by Stats. 2015, Ch. 311, Sec. 2. (SB 796) Effective January 1, 2016.)

25503. No manufacturer, winegrower, manufacturer's agent, California winegrower's agent, rectifier, distiller, bottler, importer, out-of-state beer manufacturer certificate holder, or wholesaler, or any officer, director, or agent of any such person, shall do any of the following:

(a) Directly or indirectly, deliver the possession of any alcoholic beverages to any on- or off-sale licensee under an agreement of consignment whereby title to the alcoholic beverages is retained by the seller or whereby the licensee receiving the alcoholic beverages has the right at any time prior to sale to relinquish possession to or return them to the original seller.

(b) Directly or indirectly, give any licensee or any person any alcoholic beverages as free goods as a part of any sale or transaction involving alcoholic beverages.

(c) Give secret rebates or make any secret concessions to any licensee or the employees or agents of any licensee, and no licensee shall request or knowingly accept from another licensee secret rebates or secret concessions.

(d) Give or furnish, directly or indirectly, to any employee of any holder of a retail on-sale or off-sale license only anything of value for the purpose or with the intent to solicit, acquire, or obtain the help or assistance of the employee to encourage or promote either the purchase or the sale of the alcoholic beverage sold or manufactured by the licensee giving or furnishing anything of value, and any employee who accepts or acquires anything of value contrary to the provisions of this subdivision is guilty of a misdemeanor.

(e) Willfully or knowingly discriminate, in the same trading area, either directly or indirectly, in the price of any brand of distilled spirits sold to different retail licensees purchasing under like terms and conditions.

(f) Pay, credit, or compensate a retailer or retailers for advertising, display, or distribution service in connection with the advertising and sale of alcoholic beverages.

(g) Furnish, give, lend, or rent, directly or indirectly, to any person any decorations, paintings, or signs, other than signs advertising their own products as permitted by Section 25611.1.

(h) Pay money, provide credit, rebate, or give or furnish anything of value for the privilege of placing or painting a sign or advertisement, floor or window display, on or in any premises selling alcoholic beverages at retail.

(Amended by Stats. 2023, Ch. 532, Sec. 2. (AB 546) Effective January 1, 2024.)

25503.1. (a) Anything in this division to the contrary notwithstanding, any manufacturer, winegrower, manufacturer's agent, rectifier, distiller, bottler, importer, or wholesaler, or any officer, director, or agent of any such person is authorized:

(1) Only in connection with alcoholic beverages manufactured, produced or sold by such licensee, to install, service and set up window displays, promotional materials, and temporary floor displays holding merchandise in the premises of an off-sale retail licensee.

(2) Only in connection with alcoholic beverages manufactured, produced or sold by such licensee, to furnish, give, lend, rent or sell decorations and decorative materials, including holiday decorations, paintings and pictures, to an off-sale retail licensee for use in the windows and elsewhere in the interior of the retail premises in connection with advertising and promotional material or displays in the premises of such retailer; provided, that the advertising and promotional material shall have no intrinsic value other than as advertising and that the total original cost of all such decorations and decorative materials, including holiday decorations, paintings and pictures furnished by any licensee and in use at any one time in any one off-sale retail premise shall not exceed the amount established by rules of the department; and provided, that the licensee or any officer, director or agent of such licensee shall not directly or indirectly pay or credit the retailer for the display of such decorations or decorative materials or for any expense incidental to their operation.

(3) To furnish, give, lend, rent or sell to an off-sale retailer who sells the alcoholic beverages of such licensee, newspaper cuts, mats, or engraved blocks for use in the retailer's advertisements relating to such alcoholic beverages.

(b) Anything in this chapter to the contrary notwithstanding, any holder of a wholesaler's license may manufacture, and distribute, sell, or rent any lawful product to any person engaged in operating, owning, or maintaining any retail premises where alcoholic beverages are sold; provided, however, that such products are sold or rented by the holder of the wholesaler's license to the

licensee at a price not less than the current market price for such product; and provided, further, that the manufacturer and importer of alcoholic beverages shall be controlled by the other applicable provisions of this division.

(Amended by Stats. 1983, Ch. 215, Sec. 1. Effective July 13, 1983.)

25503.2. (a) Notwithstanding any other provision in this division, any winegrower, wine blender, beer manufacturer, brandy manufacturer, distilled spirits manufacturer, distilled spirits manufacturer's agent, rectifier, distilled spirits wholesaler, and beer and wine wholesaler, or the authorized agent or agents or representative or representatives of that licensee, may perform any of the following services for off-sale retail licensees at or on the licensed premises of the off-sale retail licensee where the licensee sells alcoholic beverages with the retail licensee's permission:

- (1) Stack or arrange cases of the brand or brands of alcoholic beverages owned or sold by the licensee performing the service in the storeroom or warehouse where the off-sale retail licensee stores the brand or brands.
- (2) Rotate the brand or brands owned or sold by the licensee performing the service on shelves and in refrigerated boxes, and rearrange bottles or packages of the brand or brands by moving the bottles or packages horizontally or vertically from shelf to shelf in the space and shelves allocated to the brand or brands. This paragraph does not permit the removal of any brand or brands of alcoholic beverages, except beer, and brands of distilled spirits in single-serve containers, and wine in single-serve containers, which are owned or sold by the licensee performing the service, from the storeroom or other place belonging to an off-sale retailer for the purpose of replacing alcoholic beverages on or restocking shelves or refrigerated boxes.
- (3) Take an inventory of an off-sale retailer's stock of a brand or brands of alcoholic beverages which are owned or sold by the licensee performing the service and which are in the stockroom or other place belonging to the off-sale retailer.
- (4) Service the brand or brands of alcoholic beverages owned or sold by the licensee performing the service which are on shelves, fixtures, or other display pieces at the off-sale retail premises, including, but not limited to, dusting bottles and shelves and refrigerated boxes allocated to the brand or brands at the retail premises. The licensees authorized to render services by this section and their agents and representatives shall not price-mark individual containers of the brand of alcoholic beverages, except beer, owned or sold by the licensee performing the service, except for individual bottles and packages used on floor displays.
- (5) Rotate or rearrange the brand or brands of wine or distilled spirits owned or sold by the licensee on, in, or among permanent shelves, permanent fixtures, refrigerated boxes, or floor or other displays or display pieces; stock the brand or brands onto or into floor or other displays or display pieces; and stock the brand or brands onto or into permanent shelves, permanent fixtures, or refrigerated boxes for the sole purposes of the introduction of new products, the resetting or rearrangement of existing products, or the setting or arranging of new stores. Incidental touching or rearrangement of the brand or brands of another licensee by a licensee performing any of the services authorized by this paragraph for the sole purpose of accessing permanent shelves, permanent fixtures, and other spaces allocated to the licensee performing the service shall not be deemed to be a violation of any provision of this division provided the other licensee's brands are not removed from spaces allocated to that licensee. Nothing in this paragraph permits stocking permanent shelves, permanent fixtures, or refrigerated boxes for regular inventory replenishment, except beer, and brands of distilled spirits in single-serve containers, and wine in single-serve containers.

(b) Notwithstanding any other provision in this division, any beer manufacturer or beer and wine wholesaler, or the authorized agent or agents or representative or representatives of that licensee, may perform any of the services specified in paragraphs (1) to (4), inclusive, of subdivision (a), with respect to beer, for on-sale retail licensees at or on the premises of the on-sale retail licensee with the retail licensee's permission.

(c) For purposes of this section, "single-serve containers" means containers that have a standard of fill between 50 milliliters and 355 milliliters that is authorized for distilled spirits under Section 5.47a of Title 27 of the Code of Federal Regulations or a standard of fill between 187 milliliters and 355 milliliters that is authorized for wine under Section 4.72 of Title 27 of the Code of Federal Regulations, either individually or in multiple container packaging, and are intended to be consumed without mixing with any other substance.

(Amended by Stats. 2021, Ch. 271, Sec. 1. (AB 1149) Effective September 23, 2021.)

25503.3. (a) Notwithstanding any other provision of this division, any winegrower, beer manufacturer, brandy manufacturer, distilled spirits manufacturer, craft distiller, or distilled spirits manufacturer's agent may, at parties held, or in hospitality rooms maintained, in conjunction with meetings, conventions, or combined conventions and trade shows of bona fide trade associations of retail licensees, serve and provide free of charge, food, alcoholic and nonalcoholic beverages, entertainment, and recreational activities to the retail licensees and their guests while attending those meetings, conventions, or combined conventions and trade shows. Additionally, any person specified in this section may pay a fee to the bona fide trade association for the privilege of providing food, alcoholic or nonalcoholic beverages, entertainment, or recreational activities, or for display booth space, as long as the fee is at the same rate charged all suppliers.

(b) Any person specified in subdivision (a) may advertise in any regular publication of a bona fide trade association the members of which are food or alcoholic beverage retailers, if that publication does not advertise on behalf of, or directly benefit, any individual retail licensee. The advertising fee paid to the bona fide trade association or its agent shall be at the same rate charged all advertisers.

(c) Any person specified in subdivision (a) may pay membership dues to a bona fide trade association as long as the dues are at the same rate charged all nonretail members of the association.

(d) A licensed beer manufacturer or a brewpub-restaurant licensee may serve, for consumption on the premises, beer produced by the licensed beer manufacturer or brewpub-restaurant licensee to attendees at a meeting of a bona fide beer manufacturer trade association or brewers' guild held on the premises of a licensed beer manufacturer.

(Amended by Stats. 2018, Ch. 695, Sec. 7. (SB 1164) Effective January 1, 2019.)

25503.4. (a) Notwithstanding any other provision of this division, a winegrower, California winegrower's agent, wine importer, or any director, partner, officer, agent, or representative of that person, may conduct or participate in, and serve wine at, an instructional event for consumers held at a retailer's premises featuring wines produced by or for the winegrower or, imported by the wine importer, subject to the following conditions:

(1) No premium, gift, free goods, or other thing of value may be given away in connection with the instructional event by the winegrower, California winegrower's agent, wine importer, or retailer, except as authorized by this division.

(2) No alcoholic beverages may be given away in connection with the instructional event except that minimal amounts of wine, taken from barrels or from tanks, may be supplied and provided as samples at the instructional event. A person authorized by subdivision (a) may also provide no more than three one-ounce tastes of wine per consumer at the instructional event from bottles of wine provided by the authorized person. For purposes of this section, minimal amounts of the samples or tastes provided at the instructional event do not constitute a thing of value. Following the instructional event, any unused wine provided by the authorized person shall be removed from the retailer's premises by the authorized person.

(3) No alcoholic beverages may be sold at the instructional event, except that orders for the sale of wine may be accepted by the winegrower if the sales transaction is completed at the winegrower's premises.

(b) Notwithstanding Section 25502.2, a person identified in subdivision (a) appearing at an instructional event described in subdivision (a) may, in addition to other permitted activities, provide autographs to consumers on consumer advertising specialties given by the person to a consumer or on any item provided by a consumer. No purchase of any alcoholic beverage shall be required in connection with such autographing.

(c) Notwithstanding any other provision of this division, in addition to any point-of-sale advertising or other advertising items allowed under this division or under rules of the department, a winegrower, California winegrower's agent, or wine importer, in advance of an instructional event for consumers being held at a retailer's premises, may list in any advertisement for the instructional event the name, address, telephone number, email address, internet website address, and any other electronic media of the retailer, the names of the wines being featured at the instructional event, pictures, illustrations, and depictions of the retailer's premises, personnel, and customers, and the time, date, and location of, and other information about, the instructional event, provided:

(1) The advertisement does not also contain the retail price of the wines.

(2) The listing of the retailer's name, address, telephone number, email address, internet website address, and any other electronic media in the advertisement, and any pictures, illustrations, or depictions, are relatively inconspicuous in relation to the advertisement as a whole. Laudatory references to the retailer in these advertisements are not authorized. Pictures, illustrations, or depictions shall be still pictures, illustrations, or depictions only and shall not include any video. The reposting of social media posts, including posts by the retailer, is permitted provided that the reposting complies with all the requirements of this section.

(d) Notwithstanding any other provision of this division, the name, address, telephone number, email address, internet website address, and any other electronic media of a winegrower, wine importer, or winegrower's agent licensee, the brand names of wine being featured, and the time, date, location, and other identifying information of a wine promotional lecture at retail premises may be listed in advance of the event in an advertisement of the off-sale or on-sale retail licensee.

(e) Nothing in this section authorizes a winegrower, wine importer, or winegrower's agent licensee to share in the costs, if any, of the retailer licensee's advertisement.

(f) Nothing in this section authorizes any person to consume any alcoholic beverage on any premises licensed with an off-sale retail license.

(Amended by Stats. 2019, Ch. 257, Sec. 3. (SB 788) Effective September 5, 2019.)

25503.5. (a) A winegrower, beer manufacturer, or a beer and wine wholesaler may, without charge, instruct licensees and their employees, or conduct courses of instruction for licensees and their employees, on the subject of wine or beer, including, but not limited to, the history, nature, values, composition, and characteristics of wine or beer, the use of wine lists, and the methods of presenting and serving wine or beer. The winegrower, beer manufacturer, or beer and wine wholesaler may furnish wine or beer and the equipment, materials, and utensils that may be required for use in connection with the instruction or courses of instruction.

(b) A craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, distilled spirits general rectifier, or distilled spirits general importer may, without charge, instruct licensees and their employees, or conduct courses of instruction for licensees and their employees, on the subject of distilled spirits, including, but not limited to, the history, nature, values, and characteristics of distilled spirits, and the methods of presenting and serving distilled spirits. The craft distiller, distilled spirits manufacturer, or distilled spirits manufacturer's agent may furnish distilled spirits and the equipment, materials, and utensils that may be required for use in connection with the instruction or courses of instruction.

(c) The instruction or courses of instruction, authorized in subdivision (a) or (b), may be given at the premises of the winegrower, beer manufacturer, beer and wine wholesaler, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, distilled spirits general rectifier, distilled spirits general importer, or of a licensee, including an on-sale retail licensee, or elsewhere.

(Amended by Stats. 2018, Ch. 695, Sec. 8. (SB 1164) Effective January 1, 2019.)

25503.51. (a) A distilled spirits wholesaler, rectifier, brandy manufacturer, or craft distiller may, without charge, instruct licensees and their employees, or conduct courses of instruction for licensees and their employees, on the subject of distilled spirits, including, but not limited to, the history, nature, values, characteristics, and related terminology of distilled spirits, and the methods of handling, presenting, and serving distilled spirits. The distilled spirits wholesaler, rectifier, brandy manufacturer, or craft distiller may furnish distilled spirits and the equipment, materials, and utensils that may be required for use in connection with the instruction or courses of instruction.

(b) The instruction or courses of instruction, authorized pursuant to subdivision (a), may be given at the premises of the distilled spirits wholesaler, rectifier, brandy manufacturer, or craft distiller, or of a licensee, including an on-sale retail licensee, or elsewhere.

(Amended by Stats. 2020, Ch. 178, Sec. 1. (SB 432) Effective September 25, 2020.)

25503.55. (a) A beer manufacturer, a licensed beer and wine importer general, or a licensed beer and wine wholesaler may instruct consumers or conduct courses of instruction for consumers, on the subject of beer, including, but not limited to, the history, nature, values, and characteristics of beer, and the methods of presenting and serving beer. A beer manufacturer, a licensed beer and wine importer general, or a licensed beer and wine wholesaler may conduct such instructions at the premises of a retail on-sale licensee authorized to sell beer.

(b) The instruction of consumers regarding beer may include the furnishing of tastes of beer to an individual of legal drinking age. Beer tastes at any individual course of instruction shall not exceed eight ounces of beer per person, per day. The tasting portion of a course of instruction shall not exceed one hour at any individual licensed retail premises. Tastes of beer may not be served to a consumer in their original container but must be served in an individual glass or cup.

(c) All tastes of beer served to a consumer as authorized in subdivision (b) shall be served only as part of the course of instruction and shall be served to the consumer by an employee of the on-sale retail licensee.

(d) A beer manufacturer, a licensed beer and wine importer general, or a licensed beer and wine wholesaler may not hold more than six courses of instruction per calendar year at any individual on-sale retail licensed premises if the courses of instruction includes consumer tastes of beer.

(e) (1) A representative of a beer manufacturer, a licensed beer and wine importer general, or a licensed beer and wine wholesaler, except as provided in paragraph (2), must be present and authorize any tastes of beer conducted at an on-sale retail licensed premises pursuant to this section. The representative shall be responsible for paying the retailer for the tastes of beer served at any course of instruction. Such payment shall not exceed the retail price of the beer.

(2) For purposes of this subdivision, a licensed beer and wine wholesaler shall not be a representative of a beer manufacturer or a licensed beer and wine importer general.

(f) No on-sale retail licensee shall require one or more courses of instruction pursuant to this section as a requirement to carry a brand or brands of any beer manufacturer, licensed beer and wine importer general, or licensed beer and wine wholesaler.

(g) No premium, gift, free goods, or other thing of value may be given away in connection with an authorized course of instruction that includes beer tastes, except as authorized by this division. Failure to comply with the provisions of this section shall be presumed to be a violation of Section 25500.

(h) A retail licensee may advertise the instructional tasting event using interior signs visible only within the establishment.

(i) (1) A beer manufacturer, a licensed beer and wine importer general, and a licensed beer and wine wholesaler shall maintain an individual record of each course of instruction involving tastes of beer for three years.

(2) Records shall include the date of the tasting, the name and address of the retail licensee, and the brand, quantity, and payment made for the beer furnished by the beer manufacturer, the licensed beer and wine importer general, or the licensed beer and wine wholesaler.

(Added by Stats. 2006, Ch. 670, Sec. 1. Effective January 1, 2007.)

25503.56. (a) An authorized licensee, or a designated representative of an authorized licensee acting as an agent of the authorized licensee, may conduct, on the area specified by paragraph (1) of subdivision (c) of Section 23396.6, an instructional tasting event for consumers on the subject of wine, beer, or distilled spirits, including, but not limited to, the history, nature, values, and characteristics of wine, beer, or distilled spirits, and the methods of presenting and serving wine, beer, or distilled spirits.

(1) (A) Except as provided in subparagraph (B), the instructional tasting event may include the serving of alcoholic beverages to an attendee of legal drinking age. An instructional tasting event on the subject of wine or distilled spirits shall be limited to not more than three tastings per person per day. A single tasting of distilled spirits shall not exceed one-fourth of one ounce and a single tasting of wine shall not exceed one ounce. An instructional tasting event on the subject of beer shall be limited to not more than the tasting of eight ounces of beer per person per day. The wine, beer, or distilled spirits tasted shall be limited to the products that are authorized to be sold by the authorized licensee and the licenseholder under its off-sale license.

(B) A beer and wine wholesaler may conduct an instructional tasting event but shall not serve tastes of beer unless the beer and wine wholesaler also holds a beer manufacturer's license, an out-of-state beer manufacturer's certificate, or more than six distilled spirits wholesaler's licenses.

(C) No charge of any sort shall be made for the tastings. Except for the purposes of Section 23985, the serving of tastings shall not be deemed a sale of products pursuant to this division.

(D) A person under 21 years of age shall not serve wine, beer, or distilled spirits at the instructional tasting event.

(E) All tastes shall be served by an employee of the authorized licensee, the designated representative of the authorized licensee, or by an employee of the designated representative of the authorized licensee.

(F) An authorized licensee, or a designated representative of an authorized licensee, shall either supply the wine or distilled spirits to be tasted during the instructional tasting event or purchase the wine or distilled spirits from the licenseholder at the original invoiced cost. An authorized licensee, or a designated representative of an authorized licensee, shall purchase beer to be tasted during the instructional tasting event from the licenseholder at the original invoiced cost.

(G) Any unused wine, beer, or distilled spirits remaining from the tasting shall be removed from the off-sale licensed premises by the authorized licensee or its designated representative.

(2) If the instructional tasting event is conducted by a designated representative of an authorized licensee, the designated representative shall not be owned, controlled, or employed directly or indirectly by the licenseholder on whose premises the instructional tasting event is held.

(3) An instructional tasting event shall be limited to a single type of alcoholic beverage. For purposes of this paragraph, "type of alcoholic beverage" means distilled spirits, wine, or beer.

(b) For purposes of this section:

(1) "Authorized licensee" means a winegrower, California winegrower's agent, beer and wine importer general, beer and wine wholesaler, wine rectifier, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, distilled spirits importer general, distilled spirits rectifier, distilled spirits general rectifier, rectifier, out-of-state distilled spirits shipper's certificate holder, distilled spirits wholesaler, brandy manufacturer, brandy importer, California brandy wholesaler, beer manufacturer, or an out-of-state beer manufacturer certificate holder. "Authorized licensee" shall not include an entity that solely holds a combination of a beer and wine wholesale license and an off-sale beer and wine retail license or holds those licenses solely in combination with any license not listed in this paragraph, or holds a limited off-sale retail wine license.

(2) "Licenseholder" means an off-sale retail licensee issued an instructional tasting license pursuant to Section 23396.6.

(3) "Location" means the total contiguous area encompassed by the off-sale and on-sale licenses.

(c) Notwithstanding subparagraph (E) of paragraph (1) of subdivision (a), a licenseholder may conduct an instructional tasting event that includes the serving of tastings only when an authorized licensee or its designated representative are unable to conduct an

instructional tasting event previously advertised pursuant to this section and scheduled by the authorized licensee or its designated representative, provided that the licenseholder supplies the wine, beer, or distilled spirits used in the instructional tasting event and provides or pays for a person to serve the wine, beer, or distilled spirits. Instructional tasting events conducted by a licenseholder pursuant to this subdivision are subject to the provisions of this section and Section 23396.6.

(d) No more than one authorized licensee, or its designated representative, may conduct an instructional tasting event that includes the serving of tastes of wine, beer, or distilled spirits at any one individual licensed premises of a licenseholder per day.

(e) A licenseholder that also holds an on-sale beer and wine license, an on-sale beer and wine eating place license, or an on-sale general license shall not allow an authorized licensee, or its designated representative, to conduct an instructional tasting event on the same day and at the same location as any instructional tasting event held pursuant to subdivision (b) of Section 23386, Section 25503.4, subdivision (c) of Section 25503.5, or Section 25503.55.

(f) A licenseholder shall not condition the allowance of an instructional tasting event upon the use of a particular designated representative of an authorized licensee.

(g) In addition to any point-of-sale advertising or other advertising items allowed under this division or under rules of the department, an authorized licensee or its designated representative, in their absolute discretion and with permission of the licenseholder upon whose premises the instructional tasting event will be held, may list in any advertisement to the general public for the instructional tasting event the name, address, telephone number, email address, internet website address, and any other electronic media of the licenseholder, the names of the alcoholic beverages being featured at the instructional tasting event, pictures, illustrations, and depictions of the retailer's premises, personnel, and customers, and the time, date, and location of, and other information about, the instructional tasting event, provided that both of the following apply:

(1) The advertisement does not contain the retail price of the alcoholic beverages.

(2) The listing of the licenseholder's name, address, telephone number, email address, internet website address, and any other electronic media in the advertisement, and any pictures, illustrations, or depictions, are relatively inconspicuous in relation to the advertisement as a whole. Laudatory references to the licenseholder in these advertisements are not authorized. Pictures, illustrations, or depictions shall be still pictures, illustrations, or depictions only and shall not include any video. The reposting of social media posts, including posts by the retailer, is permitted provided that the reposting complies with all the requirements of this section. Nothing in this section shall authorize an authorized licensee or its designated representative to share in the costs, if any, of the licenseholder.

(h) A licenseholder may advertise an instructional tasting event to the general public. The costs of this advertising shall be borne solely by the licenseholder. Advertising permitted by this subdivision includes flyers, newspaper ads, internet communications, and interior signage.

(i) Except as otherwise provided in this division or rules of the department, no premium, gift, free goods, or other thing of value shall be given away by an authorized licensee or its designated representative in connection with an instructional tasting event that includes tastings of an alcoholic beverage.

(j) The licenseholder or the authorized licensee or its designated representative is authorized to perform setup and breakdown of the instructional tasting event area. The authorized licensee or its designated representative may provide, free of charge to the licenseholder, the equipment, materials, and utensils as may be required for use in connection with the instructional tasting event.

(k) (1) A licenseholder shall not require, or enter into a collusive scheme with, an authorized licensee or its designated representative to conduct one or more instructional tasting events as a condition of the licenseholder's carrying or continuing to carry a brand or brands of the authorized licensee or as a condition for display or other merchandising plan which is based on an agreement to provide shelf space. An authorized licensee or its designated representative shall not require any preferential treatment or benefit from, or enter into a collusive scheme with, a licenseholder as a condition of conducting one or more instructional tasting events, require a licenseholder to carry or continue to carry a brand or brands of the authorized licensee as a condition of conducting one or more instructional tasting events, or condition display or other merchandising plans that are based on agreements for the provision of shelf space on the conducting of one or more instructional tasting events. Any agreement, whether written or oral, entered into by and between a licenseholder and an authorized licensee or its designated representative that precludes the conducting of instructional tasting events on the premises of the licenseholder by any other authorized licensee is prohibited. A licenseholder or authorized licensee, or its designated representative, shall not use an instructional tasting event to circumvent any other requirements of this division.

(2) In addition to any other remedies available under this division, upon a finding by the department of a failure to comply with this subdivision, the department shall suspend the instructional tasting license of the licenseholder and the privilege of the authorized licensee to conduct instructional events for not less than six months but for no more than one year.

(l) 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 must be limited to its express terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

(Amended by Stats. 2019, Ch. 257, Sec. 4. (SB 788) Effective September 5, 2019.)

25503.57. (a) (1) An authorized licensee, or its designated representative, may instruct consumers at an on-sale retail licensed premises authorized to sell its product with the permission of the retail on-sale licensee. The instruction may include, without limitation, the history, nature, values, and characteristics of the wine or distilled spirits and the methods of presenting and serving the wine or distilled spirits.

(2) The instruction of consumers may include the furnishing of not more than three tastings to any individual in one day. A single tasting of distilled spirits may not exceed one-fourth of one ounce and a single tasting of wine may not exceed one ounce.

(3) The authorized licensee, or its designated representative, shall either supply the wine or distilled spirits to be tasted during the instructional tasting event or purchase the wine or distilled spirits from the retail on-sale licensee at the original invoiced cost.

(4) The authorized licensee, or its designated representative, shall remove any unfinished alcoholic beverages that were supplied by the authorized licensee, or its designated representative, following the instruction.

(5) Nothing in this subdivision shall limit the giving away of samples pursuant to subdivision (a) of Section 23386.

(b) For purposes of this section, "authorized licensee" means a winegrower, California winegrower's agent, beer and wine importer general, beer and wine wholesaler, wine rectifier, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, distilled spirits importer general, distilled spirits rectifier, distilled spirits general rectifier, rectifier, out-of-state distilled spirits shipper's certificate holder, distilled spirits wholesaler, brandy manufacturer, brandy importer, or California brandy wholesaler. "Authorized licensee" shall not include any person that solely holds a combination of a beer and wine wholesaler license and an off-sale beer and wine retail license or holds those licenses solely in combination with any license not listed in this paragraph, or in combination with a beer and wine importer general license, or holds a limited off-sale retail wine license.

(c) Except as otherwise provided in this division or by the rules of the department, no premium, gift, free goods, or other thing of value shall be given away by an authorized licensee or its designated representative in connection with an instructional tasting event conducted pursuant to this section that includes tastings of wine or distilled spirits.

(d) In addition to any point-of-sale advertising or other advertising items allowed under this division or under rules of the department, an authorized licensee or its designated representative, in their absolute discretion and with permission of the retail on-sale licensee upon whose premises the instructional tasting event will be held, may list in any advertisement to the general public for the instructional tasting the name, address, telephone number, email address, internet website address, and any other electronic media of the on-sale retail licensee, the names of the wines or distilled spirits being featured at the instructional tasting event, pictures, illustrations, and depictions of the retailer's premises, personnel, and customers, and the time, date, and location of, and other information about, the instructional tasting event, provided that both of the following apply:

(1) The advertisement does not contain the retail price of the alcoholic beverages.

(2) The listing of the licenseholder's name, address, telephone number, email address, internet website address, and any other electronic media in the advertisement, and any pictures, illustrations, or depictions, are relatively inconspicuous in relation to the advertisement as a whole. Laudatory references to the licenseholder in these advertisements are not authorized. Pictures, illustrations, or depictions shall be still pictures, illustrations, or depictions only and shall not include any video. The reposting of social media posts, including posts by the retailer, is permitted provided that the reposting complies with all the requirements of this section. Nothing in this section shall authorize an authorized licensee or its designated representative to share in the costs, if any, of the licenseholder.

(e) An on-sale retail licensee may advertise an instructional tasting event to the general public. The costs of this advertising shall be borne solely by the on-sale retail licensee. Advertising permitted by this subdivision includes flyers, newspaper ads, internet communications, and interior signage.

(f) No more than one authorized licensee or its designated representative shall conduct an instructional tasting pursuant to this section at the on-sale retail licensed premises of an on-sale retail licensee at any time, and a person shall not act as the designated representative for more than one authorized licensee at that instructional tasting.

(Amended by Stats. 2019, Ch. 257, Sec. 5. (SB 788) Effective September 5, 2019.)

25503.6. (a) Notwithstanding any other provision of this chapter, a beer manufacturer, the holder of a winegrower's license, a rectifier, a craft distiller, 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 the County of Sacramento or the County of Alameda.

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

(ii) An outdoor stadium of at least 70,000 seats located in the County of Los Angeles 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 the County of Kern.

(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 the County of San Bernardino.

(E) An outdoor stadium with a fixed seating capacity in excess of 10,000 seats located in the County of Yolo.

(F) An outdoor stadium and a fully enclosed arena with fixed seating capacities in excess of 10,000 seats located in the County of Fresno.

(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 the County of Riverside.

(H) An outdoor stadium with a fixed seating capacity in excess of 1,500 seats located in the County of Tulare.

(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 25,000 seats, located in the County of San Bernardino.

(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 the County of Los Angeles.

(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 the County of Los Angeles.

(L) An outdoor professional sports facility with a fixed seating capacity of at least 4,200 seats located in the County of San Joaquin.

(M) A fully enclosed arena with a fixed seating capacity in excess of 13,000 seats located 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 craft distiller, 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 the County of San Diego.

(Q) (i) 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. Advertising authorized by this clause may be placed in areas within the retail, entertainment, commercial, and mixed-use development which includes the stadium and performance venue, provided that the advertising shall not be placed on or in, or otherwise promote, any permanently licensed retail premises other than the stadium or performance venue.

(ii) A fully enclosed arena with a seating capacity of at least 18,000 seats located in the City of Inglewood. Advertising authorized by this clause may be placed on or in the fully enclosed arena and within the perimeter of the main entry area immediately adjacent to the arena, which includes an open plaza and band shell, provided that the advertising shall not be placed on or in, or otherwise promote, any permanently licensed retail premises other than the fully enclosed arena or a permanently licensed retail premises located within the main entry area that is wholly owned by and operated by or for the owner of the arena.

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

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

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

(U) An outdoor stadium with a fixed seating capacity of at least 43,000 seats located in the City of San Diego.

(V) An outdoor professional sports stadium with a fixed seating capacity of at least 3,000 seats located in the City of San Jose.

(W) An outdoor professional sports stadium with a fixed seating capacity of at least 15,000 seats located in the City of San Jose.

(X) A fully enclosed arena with a fixed seating capacity in excess of 4,000 seats located in the City of San Jose.

(Y) A fully enclosed arena with a fixed seating capacity in excess of 10,000 seats located in the County of Riverside.

(Z) Any of the following facilities that are situated on the campus of San Diego State University (SDSU), including the SDSU Mission Valley site, located in the County of San Diego.

(i) An outdoor multipurpose stadium with a fixed seating capacity of at least 30,000 seats.

(ii) A fully enclosed arena with a fixed seating capacity in excess of 10,000 seats.

(iii) An outdoor baseball stadium with a fixed seating capacity of at least 1,800 seats.

(iv) An outdoor softball stadium with a fixed seating capacity of at least 300 seats.

(v) An open-air amphitheater with a fixed seating capacity of at least 4,000 seats.

(AA) Any of the following facilities that are situated on the campus of California Polytechnic State University, San Luis Obispo, located in the County of San Luis Obispo:

(i) An outdoor stadium with a fixed seating capacity of at least 11,000 seats.

(ii) A fully enclosed arena with a fixed seating capacity of at least 3,000 seats.

(iii) An outdoor stadium with a fixed seating capacity of at least 3,000 seats.

(iv) An outdoor stadium with a fixed seating capacity of at least 800 seats.

(v) An indoor performing arts venue with two concert halls and a theater with a combined fixed seating capacity of at least 1,800 seats.

(AB) Any of the following facilities that are situated on the campus of California State University, Fresno, located in the County of Fresno:

(i) An outdoor stadium with a fixed seating capacity of at least 40,000 seats.

(ii) An outdoor stadium with a fixed seating capacity of at least 5,000 seats.

(iii) An outdoor stadium with a fixed seating capacity of at least 2,400 seats.

(iv) An outdoor stadium with a fixed seating capacity of at least 2,000 seats.

(AC) Any of the following facilities that are situated on the campus of California State University, Sacramento, located in the County of Sacramento:

- (i) An outdoor stadium with a fixed seating capacity of at least 20,000 seats.
- (ii) A fully enclosed arena with a fixed seating capacity of at least 1,000 seats.
- (iii) An outdoor stadium with a fixed seating capacity of at least 1,200 seats.
- (iv) An outdoor stadium with a fixed seating capacity of at least 800 seats.
- (v) An outdoor stadium with a fixed seating capacity of at least 1,000 seats.

(AD) An outdoor stadium with a fixed seating capacity of at least 6,000 seats that is situated on the campus of California State University, Monterey Bay, located in the County of Monterey.

(AE) Any of the following facilities that are situated on the campus of California State University, Fullerton, located in the County of Orange:

- (i) A fully enclosed arena with a fixed seating capacity of at least 4,000 seats.
- (ii) An outdoor stadium with a fixed seating capacity of at least 3,500 seats.
- (iii) An outdoor stadium with a fixed seating capacity of at least 1,000 seats.
- (iv) An outdoor stadium with a fixed seating capacity of at least 10,000 seats.

(AF) Any of the following facilities that are situated on the campus of San Jose State University, located in the County of Santa Clara:

- (i) An outdoor stadium with a fixed seating capacity of at least 17,000 seats.
- (ii) A fully enclosed arena with a fixed seating capacity of at least 5,000 seats.

(AG) Any of the following facilities that are situated on the campus of California State University, Northridge, located in the County of Los Angeles:

- (i) An indoor performing arts center with a fixed seating capacity of at least 1,700 seats.
- (ii) A fully enclosed arena with a fixed seating capacity of at least 2,000 seats.

(AH) Any of the following facilities that are situated on the campus of St. Mary's College of California, located in the County of Contra Costa:

- (i) A fully enclosed arena with a fixed seating capacity in excess of 3,500 seats located in the Town of Moraga.
- (ii) An outdoor stadium with a fixed seating capacity of at least 5,500 seats located in the Town of Moraga.
- (iii) An outdoor stadium with a fixed seating capacity of at least 650 seats located in the Town of Moraga.

(AI) A fully enclosed arena with a fixed seating capacity in excess of 5,000 seats located in the City of Oceanside.

(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. With respect to a fully enclosed arena described in subparagraph (X) of paragraph (1), advertising space or time shall be purchased only for interior advertising in connection with events conducted within the arena.

(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 craft distiller, 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 craft distiller, 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), (R), (T), (Y), (Z), (AA), (AB), (AC), (AD), (AE), (AF), (AG), (AH), and (AI) 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 craft distiller, 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 craft distiller, 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.

(Amended by Stats. 2024, Ch. 429, Sec. 1. (AB 3069) Effective September 22, 2024.)

25503.61. (a) Notwithstanding any other provision of this chapter, a beer manufacturer, holder of a winegrower's license, rectifier, winegrower's agent, holder of an importer's general license, distilled spirits manufacturer, craft distiller, holder of a distilled spirits rectifier's general license, or distilled spirits manufacturer's agent, regardless of any other licenses held by the foregoing, may sponsor events promoted by, and may purchase advertising space and time from, or on behalf of, an on-sale licensee that is the owner, operator, agent of the operator, or assignee of the operator's advertising rights of a mixed-use district subject to all of the following conditions:

(1) The owner, operator, agent of the operator, or sole assignee of the operator's advertising rights of the mixed-use district has its principal place of business in the County of Orange.

(2) The mixed-use district consists of not less than 90 acres that include office, residential, hotel, retail, dining, public gathering, and performing arts facilities, as well as a public intermodal transportation center, all of which are situated on land surrounding a fully enclosed arena with a fixed seating capacity in excess of 18,000 seats located in the County of Orange.

(3) The advertising space or time is purchased only in connection with retail, dining, entertainment, and events conducted on the grounds of the mixed-use district. Nothing in this section shall authorize advertising or promoting of any retail licensee or premises other than an on-sale licensee or premises owned by the person described in paragraph (1). Nothing in this section shall authorize the placement of advertising space or time outside of the mixed-use district.

(4) Any on-sale licensee, including any on-sale licensee owned by the person described in paragraph (1), operating at a venue on the grounds of the mixed-use district shall serve other brands of beer, distilled spirits, and wine in addition to any brand manufactured or distributed by the sponsoring or advertising beer manufacturer, holder of a winegrower's license, rectifier, winegrower's agent, holder of an importer's general license, distilled spirits manufacturer, craft distiller, holder of a distilled spirits rectifier's general license, or distilled spirits manufacturer's agent.

(5) An agreement for the sponsorship of, or for the purchase of advertising space and time in connection with, the retail, dining, entertainment, and events conducted on the grounds of the mixed-use district shall not be conditioned directly or indirectly, in any

way, on the purchase, sale, or distribution of any alcoholic beverage manufactured or distributed by the sponsoring or advertising beer manufacturer, holder of a winegrower's license, rectifier, winegrower's agent, holder of an importer's general license, distilled spirits manufacturer, craft distiller, holder of a distilled spirits rectifier's general license, or distilled spirits manufacturer's agent, or by any on-sale retail licensee.

(6) Advertising authorized by this section may be placed in areas within the mixed-use district, provided that the advertising shall not be placed on or in or otherwise promote any permanently licensed retail premises, except as authorized in subdivision (g).

(7) Except as authorized in subdivision (g), a person, including the person described in paragraph (1) or any on-sale licensee owned by the person described in paragraph (1), shall not establish conditions, directly or indirectly, on any retail licensee or retail licensed business in the mixed-use district, or as a condition for any retail licensee or retail licensed business to lease, rent, or purchase property in the mixed-use district, that require or authorize the retail licensee or retail licensed business to display advertisements authorized by this section.

(b) Any sponsorship of events or purchase of advertising space or time conducted pursuant to subdivision (a) shall be conducted pursuant to a written contract entered into by the beer manufacturer, holder of a winegrower's license, rectifier, winegrower's agent, holder of an importer's general license, distilled spirits manufacturer, craft distiller, holder of a distilled spirits rectifier's general license, or distilled spirits manufacturer's agent and any of the following:

(1) The person described in paragraph (1) of subdivision (a).

(2) Any on-sale licensee owned by the person described in paragraph (1) of subdivision (a).

(c) Any beer manufacturer, holder of a winegrower's license, rectifier, winegrower's agent, holder of an importer's general license, distilled spirits manufacturer, craft distiller, holder of a distilled spirits rectifier's general license, or 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 those contractual obligations entered into pursuant to this section 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.

(d) Any on-sale retail licensee who, directly or indirectly, solicits or coerces a holder of a wholesaler's license to solicit a beer manufacturer, holder of a winegrower's license, rectifier, winegrower's agent, holder of an importer's general license, distilled spirits manufacturer, craft distiller, holder of a distilled spirits rectifier's general license, or distilled spirits manufacturer's agent to purchase advertising time or space pursuant to this section 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 purposes of this section, "beer manufacturer" includes a holder of a beer manufacturer's license, holder of an out-of-state beer manufacturer's certificate, or holder of a beer and wine importer's general license.

(f) Nothing in this section shall authorize the purchasing of advertising space or time directly from, or on behalf of, any on-sale licensee other than the person described in paragraph (1) of subdivision (a) or an on-sale licensee owned by that person.

(g) Nothing in this section shall authorize the placement of advertising space or time directly in, or on the exterior of, the premises of any on-sale licensee in the mixed-use district except as follows:

(1) An on-sale licensee that is wholly owned by the person described in paragraph (1) of subdivision (a).

(2) (A) Subject to the limitations described in subparagraphs (B) to (E), inclusive, the lobby areas of hotels, performing arts venues, and entertainment venues, that are not owned by the person described in paragraph (1) of subdivision (a).

(B) Placement of advertising space or time is not authorized in parts of a lobby area that contain a bar or restaurant.

(C) Placement of advertising space or time that is customized to the particular lobby area is not authorized.

(D) Placement of advertising space or time in more than one location in a lobby area is not authorized.

(E) Placement of advertising space or time on a sign or other display that is not owned by the person described in paragraph (1) of subdivision (a) is not authorized.

(3) The common area-facing exteriors of hotels, performing art venues, entertainment venues, and buildings with multiple tenants including an on-sale licensed premises that is not owned by the person described in paragraph (1) of subdivision (a).

(4) The authorization provided by this subdivision is subject to the limitations provided in subdivisions (h) and (i).

(h) Nothing in this section shall authorize a beer manufacturer, holder of a winegrower's license, rectifier, winegrower's agent, holder of an importer's general license, distilled spirits manufacturer, craft distiller, holder of a distilled spirits rectifier's general license, or distilled spirits manufacturer's agent to furnish, give, or lend anything of value to an on-sale retail licensee, either directly or indirectly, other than the person described in paragraph (1) of subdivision (a) or an on-sale licensee owned by that person and except as expressly authorized by this section or this division.

(i) No funds, revenue, or other consideration from any sponsorship of events or purchase of advertising space or time conducted pursuant to this section shall be furnished, given, or lent, either directly or indirectly, by the person described in paragraph (1) of subdivision (a), or by an on-sale licensee owned by that person, to any licensee other than an on-sale licensee owned by the person described in paragraph (1) of subdivision (a).

(j) Nothing in this section shall be construed to limit or abrogate the provisions of Chapter 2 (commencing with Section 5200) of Division 3.

(k) 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.

(Added by Stats. 2021, Ch. 309, Sec. 2. (SB 386) Effective January 1, 2022.)

25503.62. (a) Notwithstanding any other provision of this chapter, an authorized licensee may sponsor events promoted by, and purchase advertising space and time from or on behalf of, a company that owns a facility that includes a wave basin located in the County of Kings in connection with activities conducted on the premises of a permanent retail licensee located at the wave basin facility, if all of the following conditions are met:

(1) The premises of the permanent retail licensee includes a wave basin facility with a capacity of at least 9,000 individuals located in the County of Kings.

(2) The sponsorship or advertising space or time is purchased in connection with the sponsorship of activities that are held at the premises of a permanent retail licensee located at the wave basin facility.

(3) Any sponsorship or purchase of advertising space or time pursuant to this subdivision shall be accomplished by a written contract entered into by the authorized licensee and a company that owns a facility that includes a wave basin in the County of Kings.

(4) An agreement for advertising authorized by this subdivision shall not be contingent upon or otherwise require, directly or indirectly, implicitly or explicitly, the permanent retail licensee at the wave basin facility to purchase or sell any alcoholic beverages or other products produced, manufactured, imported, distributed, or otherwise represented by the event sponsor or purchaser of the advertising space and time.

(5) The permanent retail licensee at the wave basin facility shall offer for sale, in a bona fide manner, other brands of beer, distilled spirits, and wine distributed by a competing wholesaler or manufacturer in addition to any brand manufactured, distributed, or owned by the authorized licensee sponsoring an event or purchasing advertising space or time pursuant to this subdivision.

(b) For purposes of this section, the following definitions apply:

(1) "Authorized licensee" means a beer manufacturer, winegrower, rectifier, wine rectifier, distilled spirits manufacturer, craft distiller, distilled spirits manufacturer's agent, winegrower's agent, beer and wine importer, distilled spirits importer, distilled spirits importer general, beer and wine importer general, out-of-state distilled spirits shipper certificate holder, or out-of-state beer manufacturer certificate holder. "Authorized licensee" does not include any person who holds a distilled spirits importer license or distilled spirits importer general license together with a distilled spirits wholesaler's license, or any person who holds a beer and wine importer license or beer and wine importer general license together with a beer and wine wholesaler's license.

(2) "Wave basin" has the same meaning as defined in Section 115960.1 of the Health and Safety Code.

(c) 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 exceptions established by this section to the general prohibition against

tied interests must be limited to their express terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

(Added by Stats. 2023, Ch. 471, Sec. 1. (AB 1294) Effective January 1, 2024.)

25503.63. (a) Notwithstanding any other provision of this chapter, a beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of any importer's license that does not also hold a wholesaler or retail license as an additional license, distilled spirits manufacturer, holder of any rectifier's license, or a distilled spirits manufacturer's agent may sponsor events promoted by, and may purchase advertising space or time from, an operator of a for-profit cemetery subject to all of the following conditions:

(1) The for-profit cemetery shall be more than 100 years old, be located in, and designated a Historic-Cultural Monument by, the City of Los Angeles, have an endowment care fund and a memorial care fund that are exempt from the payment of income taxes, and hold a valid special on-sale general license for historic cemetery (Type 88).

(2) The sponsorship and the advertising space or time is purchased only in connection with the promotion of live artistic, concert, musical, film screening, food, beverage, culinary, lifestyle, or other cultural events permitted at the for-profit cemetery and permitted by the local jurisdiction.

(3) (A) An on-sale licensee operating at a venue where live artistic, concert, musical, film screening, food, beverage, culinary, lifestyle, or other cultural events are performed pursuant to a sponsorship or where advertising space or time is purchased shall serve other brands of beer, distilled spirits, and wine distributed by a competing wholesaler in addition to any brand manufactured or distributed by the sponsoring or advertising beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of any importer's license, distilled spirits manufacturer, holder of any rectifier's license, or a distilled spirits manufacturer's agent.

(B) An on-sale retail licensee owned by the for-profit cemetery shall serve other brands of beer, distilled spirits, and wine distributed by a competing wholesaler in addition to any brand manufactured or distributed by the sponsoring or advertising beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of any importer's license, distilled spirits manufacturer, holder of any rectifier's license, or a distilled spirits manufacturer's agent.

(4) Advertising space or time purchased shall not be placed in an on-sale licensed premises, other than where the cultural event will take place, where the on-sale retail licensee is also owned directly or indirectly by the operator of the for-profit cemetery, or any of its subsidiaries.

(5) An agreement for the sponsorship of, or for the purchase of advertising space and time during, a live artistic, concert, musical, film screening, food, beverage, culinary, lifestyle, or other cultural event shall not be conditioned directly or indirectly, in any way, on the purchase, sale, or distribution of any alcoholic beverage manufactured or distributed by the advertising or sponsoring beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of any importer's license, distilled spirits manufacturer, holder of any rectifier's license, or a distilled spirits manufacturer's agent by the for-profit cemetery.

(b) A sponsorship of events or purchase of advertising space or time conducted pursuant to subdivision (a) shall be conducted pursuant to a written contract entered into by the beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of any importer's license, distilled spirits manufacturer, holder of any rectifier's license, or a distilled spirits manufacturer's agent and the for-profit cemetery operator.

(c) A beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of any importer's license, distilled spirits manufacturer, holder of any rectifier's license, or a 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 those contractual obligations entered into pursuant to subdivision (a) 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 suspension or revocation pursuant to Section 24200.

(d) A on-sale retail licensee who, directly or indirectly, solicits or coerces a holder of a wholesaler's license to solicit a beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of any importer's license, distilled spirits manufacturer, holder of any rectifier's license, or a distilled spirits manufacturer's agent to purchase advertising time or space pursuant to subdivision (a) 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 suspension or revocation pursuant to Section 24200.

(e) Nothing in this section shall authorize a beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of any importer's license, distilled spirits manufacturer, holder of any rectifier's license, or a distilled spirits manufacturer's agent to furnish,

give, or lend anything of value to an on-sale retail licensee described in subdivision (a) except as expressly authorized by this section or a provision of this division.

(f) For purposes of this section, "beer manufacturer" includes a holder of a beer manufacturer's license, a holder of an out-of-state beer manufacturer's certificate, or a holder of a beer and wine importer's license that does not also hold a wholesaler or retail license as an additional license.

(Added by Stats. 2024, Ch. 137, Sec. 1. (SB 1495) Effective January 1, 2025.)

25503.7. A winegrower, beer manufacturer, or beer and wine wholesaler may serve food and alcoholic beverages to any person, including a person licensed under this division and his or her employees and representatives, who is attending a meeting held upon or who is visiting the premises of the winegrower, beer manufacturer, or beer and wine wholesaler.

(Amended by Stats. 1998, Ch. 216, Sec. 1. Effective January 1, 1999.)

25503.8. (a) Notwithstanding any other provision of this chapter, a beer manufacturer, the holder of a winegrower's license, a California winegrower's agent, a rectifier, a distilled spirits manufacturer, or a distilled spirits manufacturer's agent may purchase advertising space and time from, or on behalf of, an on-sale retail licensee if all of the following conditions are met:

(1) The on-sale licensee is the owner of any of the following:

(A) A fully enclosed auditorium or theater with a fixed seating capacity in excess of 6,000 seats, at least 60 percent of the use of which is for plays or musical concerts, not including sporting events.

(B) A motion picture studio facility at which public tours are conducted for at least four million people per year.

(C) A retail, entertainment development adjacent to, and under common ownership with, a theme park, amphitheater, and motion picture production studio.

(D) A theme or amusement park and the adjacent retail, dining, and entertainment area located in the City of Los Angeles, Los Angeles County, or Orange County.

(E) A fully enclosed theater, with box office sales and attendance by the public on a ticketed basis only, with a fixed seating capacity in excess of 6,000 seats, located in Los Angeles County within the area subject to the Los Angeles Sports and Entertainment District Specific Plan adopted by the City of Los Angeles pursuant to ordinance number 174225, as approved on September 6, 2001.

(2) The advertising space or time is purchased only in connection with one of the following:

(A) In the case of a fully enclosed auditorium or theater, in connection with sponsorship of plays or musical concerts to be held on the premises of the auditorium or theater owned by the on-sale licensee.

(B) In the case of a motion picture studio facility, in connection with sponsorship of the public tours or special events conducted at the studio facility.

(C) In the case of a retail, entertainment development, in connection with sponsorship of public tours or special events conducted at the development.

(D) In the case of a theme or amusement park and the adjacent retail, dining, and entertainment area, located in the City of Los Angeles, Los Angeles County, or Orange County, in connection with daily activities and events at the theme or amusement park and the adjacent retail, dining, and entertainment area.

(E) In the case of the fully enclosed theater described in subparagraph (E) of paragraph (1) of subdivision (a), in connection with events conducted at the theater.

(3) 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 or marketed by the winegrower or California winegrower's agent, and other brands of distilled spirits distributed by a competing distilled spirits wholesaler in addition to the brand manufactured or marketed by the distilled spirits manufacturer or distilled spirits manufacturer's agent purchasing the advertising space or time.

(b) Any purchase of advertising space or time conducted 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 California winegrower's agent, the rectifier, the distilled spirits manufacturer, or the distilled spirits manufacturer's agent, and the on-sale licensee, which contract shall not in any way involve the holder of a wholesaler's license.

(c) Any beer manufacturer, rectifier, distilled spirits manufacturer, distilled spirits manufacturer's agent, holder of a winegrower's license, or California winegrower's agent, who, through coercion or other illegal means, induces, directly or indirectly, a holder of a wholesaler's license to fulfill 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 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.

(d) Any on-sale retail licensee, as described in subdivision (a), who solicits or coerces, directly or indirectly, a holder of a wholesaler's license to solicit a beer manufacturer, rectifier, distilled spirits manufacturer, or distilled spirits manufacturer's agent, holder of a winegrower's license, or California winegrower'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.

(Amended by Stats. 2018, Ch. 483, Sec. 2. (AB 2000) Effective January 1, 2019.)

25503.85. (a) Notwithstanding any other provision of this chapter, a beer manufacturer, distilled spirits manufacturer, distilled spirits manufacturer's agent, holder of a winegrower's license, or California winegrower's agent may purchase advertising space and time from, or on behalf of, an on-sale retail licensee, that shall be limited to small notices, plaques, or signs that portray partial or full sponsorship or funding of educational programs, special fundraising and promotional events, improvements in capital projects, and the development of exhibits or facilities, if all of the following conditions are met:

(1) The on-sale licensee is a zoo or aquarium operated by a nonprofit organization that is accredited by the American Association of Zoological Parks and Aquariums.

(2) The advertising space or time is purchased only in connection with the sponsorship of activities that are held on the premises or grounds owned, leased, or controlled by the on-sale licensee.

(3) 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 or marketed by the winegrower or California winegrower's agent, and other brands of distilled spirits distributed by a competing distilled spirits wholesaler in addition to the brand manufactured or marketed by the distilled spirits manufacturer or distilled spirits manufacturer's agent purchasing the advertising space or time.

(b) Nothing in this section shall be construed to permit the purchase of billboards or bench advertisements as "advertising space."

(c) Any purchase of advertising space or time pursuant to subdivision (a) shall be accomplished by a written contract entered into by the beer manufacturer, the distilled spirits manufacturer, the distilled spirits manufacturer's agent, a holder of the winegrower's license, or the California winegrower's agent, and the on-sale licensee. That contract shall not in any way involve the holder of a wholesaler's license.

(d) Any beer manufacturer, distilled spirits manufacturer, distilled spirits manufacturer's agent, holder of a winegrower's license, or California winegrower's agent who, through coercion or other illegal means, induces, directly or indirectly, a holder of a wholesaler's license to fulfill those contractual obligations entered into pursuant to subdivision (a) or (c) is guilty of a misdemeanor and shall be punished by imprisonment in the county jail for a period not to exceed 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) Any on-sale licensee who, directly or indirectly, solicits or coerces a holder of a wholesaler's license to solicit a beer manufacturer, distilled spirits manufacturer, distilled spirits manufacturer's agent, holder of a winegrower's license, or a California winegrower's agent to purchase advertising space or time 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.

(f) 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.

(Amended by Stats. 2001, Ch. 567, Sec. 12. Effective October 7, 2001.)

25503.9. (a) Nothing in this division prohibits a winegrower, a beer and wine wholesaler that also holds an off-sale beer and wine retail license and only sells wine, or the holder of a limited off-sale retail wine license from giving or selling wine, a beer manufacturer from giving or selling beer, a craft distiller, a distilled spirits manufacturer, rectifier, or a distilled spirits manufacturer's agent from giving or selling distilled spirits, or a distilled spirits wholesaler that also holds a beer and wine wholesaler license or importer general licensee from giving or selling beer, wine, or distilled spirits at prices other than those contained in schedules filed with the department, to any of the following:

- (1) A nonprofit charitable corporation or association exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code.
- (2) A nonprofit incorporated trade association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code, and the members of which trade association are licensed under this division. However, the wine, beer, and distilled spirits shall be used solely for a convention or meeting of the nonprofit incorporated trade association.
- (3) A nonprofit corporation or association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and is defined as a tax exempt organization under Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701i, 23701k, 23701l, 23701r, or 23701w of the Revenue and Taxation Code. Wine, beer, and distilled spirits given or sold by a winegrower, beer manufacturer, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, distilled spirits wholesaler, or importer general licensee pursuant to this subdivision may be furnished only in connection with public service or fundraising activities including picnics, parades, fairs, amateur sporting events, agricultural exhibitions, or similar events.
- (4) A licensee authorized to donate or sell alcoholic beverages to a nonprofit corporation, organization, or association pursuant to this section may also provide services to and otherwise assist the corporation, organization, or association in connection with an event conducted under a temporary license issued by the department.

(b) Nothing in this division prohibits a winegrower, a beer and wine wholesaler that also holds an off-sale beer and wine retail license and only sells wine, or the holder of a limited off-sale retail wine license from giving or selling wine, a beer manufacturer from giving or selling beer, a craft distiller, distilled spirits manufacturer, rectifier, a distilled spirits wholesaler, or a distilled spirits manufacturer's agent from giving or selling distilled spirits, or a beer and wine wholesaler that also holds an importer's license from giving or selling beer or wine at prices other than those contained in schedules filed with the department, to any of the following:

- (1) A nonprofit charitable corporation or association exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code.
- (2) A nonprofit incorporated trade association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code, and the members of which trade association are licensed under this division. However, the wine, beer, and distilled spirits shall be used solely for a convention or meeting of the nonprofit incorporated trade association.
- (3) A nonprofit corporation or association that is exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and is defined as a tax exempt organization under Section 23701a, 23701d, 23701e, 23701f, or 23701r of the Revenue and Taxation Code. Wine, beer, and distilled spirits given or sold by a winegrower, beer manufacturer, craft distiller, distilled spirits manufacturer, distilled spirits manufacturer's agent, a distilled spirits wholesaler, beer and wine wholesaler, or licensed importer pursuant to this subdivision may be furnished only in connection with public service or fundraising activities including picnics, parades, fairs, amateur sporting events, agricultural exhibitions, or similar events.

(c) A nonprofit corporation, organization, or association that is authorized to purchase or accept donations of alcoholic beverages pursuant to this section, and that also holds a permanent retail license issued pursuant to this division, shall not use any alcoholic beverage so purchased or donated in the exercise of any privileges or business under its permanent retail license.

(Amended by Stats. 2019, Ch. 18, Sec. 1. (AB 1265) Effective June 26, 2019.)

25503.10. (a) Notwithstanding any other provision of this division, the department may approve a lease or sublease, or amendments to such lease or sublease, where a manufacturer, manufacturer's agent, winegrower, California winegrower's agent, rectifier, importer, or wholesaler is the lessor and a retailer is the lessee when each of the following conditions are incorporated in the lease:

- (1) The lease is confined to real property and improvements thereon which have become part of the real property.
- (2) No trade fixtures or other personal property are included in the lease.
- (3) The rent to be paid by the lessee is not less than the current value for such a lease, which the lessor shall establish by submission of competent proof to the department.
- (4) The rent is due and payable monthly beginning with the first month of occupancy.
- (5) Any money received by the lessor from the lessee when the rent is due shall be first applied by the lessor to the payment of the rent.
- (6) The lessee shall purchase from the lessor no more than 10 percent of his yearly supply of the type of alcoholic beverages sold on his licensed premises. The percentage shall be computed on a calendar-year basis.

(b) The original lease and any amendments to the original lease or to an amended lease shall be submitted to the department for its approval.

(c) The department may suspend or revoke the license of the lessor or the lessee for violations of any of the above conditions or for any misrepresentation in the terms of the lease.

(d) The ownership of shares of stock in a corporation licensed as a retailer under the provisions of this division, when such shares of stock are sold to the general public on any national or local stock exchange, shall not be deemed to be the ownership, either in whole or in part, of the land upon which a retail license issued to such corporation is located. The person who holds such shares of stock shall not be held to be a lessor under the provisions of this section.

(Amended by Stats. 1974, Ch. 699.)

25503.11. Notwithstanding any other provision of this division, a manufacturer, manufacturer's agent, winegrower, rectifier, importer, or wholesaler may hold a diminutive amount of stock in a corporate retail licensee or serve on the board of directors of a corporate off-sale retail licensee, provided the stock ownership or service on the board of directors, as determined by the department, does not result in the exercise of control over the retail licensee's business and does not result in the exclusion of any competitor's brand of alcoholic beverages, and provided further that the stock is listed on the New York Stock Exchange, the American Stock Exchange, or NASDAQ, and the department is notified of the stock ownership or service on the board of directors.

(Amended by Stats. 1998, Ch. 639, Sec. 12. Effective January 1, 1999.)

25503.12. Notwithstanding any other provision of this division, a retail licensee may hold a diminutive amount of stock in a corporate licensed manufacturer, manufacturer's agent, winegrower, rectifier, importer, or wholesaler, provided that the purpose of the stock ownership by the retail licensee, as determined by the department, is not to violate any of the provisions of this chapter, and provided further that the stock is listed on the New York Stock Exchange, the American Stock Exchange, or on NASDAQ, and the department is notified of the stock ownership.

(Amended by Stats. 1998, Ch. 639, Sec. 13. Effective January 1, 1999.)

25503.13. (a) In order to alleviate the adverse economic and social consequences of high unemployment in identifiable urban and rural areas of California, the Legislature finds it in the public interest to encourage the private sector to create new employment and job-training opportunities for low-income persons and establish business enterprises owned and managed by such persons. To provide such opportunities it is necessary for companies with sufficient financial resources, management experience and marketing strength to establish as a principal operating objective the creation of definitive programs for obtaining these goals.

(b) Notwithstanding any other provision of this division, a manufacturer, rectifier, distiller, winegrower or bottler of wine who produces and sells only wine in an area outside of the United States, its territories or possessions and outside of foreign countries having common boundaries with any state of the United States, and who is not licensed in the United States, its territories or possessions, or any officer, director or agent of any such person or a person holding the ownership, directly or indirectly, of any interest in any such manufacturer, rectifier, distiller, winegrower or bottler of wine may have an interest in a person holding an on-sale license, provided, that the wine produced or sold by such manufacturer, rectifier, distiller, winegrower or bottler of wine is not sold, furnished or given, directly or indirectly to such on-sale licensee, provided further, that food shall also be sold at the on-sale premises, and,

provided further, that any on-sale license that may be granted under this section shall be conditioned so as to promote, where feasible, the following objectives in accordance with the public policy set forth in subdivision (a) above:

- (1) The location of a significant number of on-sale premises in or accessible to areas of high unemployment,
- (2) The employment and management training of low-income individuals, particularly those who, because of race, sex, age or national origin, suffer a rate of unemployment significantly higher than the statewide average and
- (3) The minority ownership of licensed businesses operating on-sale premises pursuant to a franchise agreement.

The department, after consultation with the Secretary of Business and Transportation, the Department of Business and Economic Development, the Chief of the Division of Fair Employment Practices, and the Director of the Employment Development Department, shall adopt such rules as it determines to be necessary for the administration of this section.

(Added by Stats. 1977, Ch. 1044.)

25503.14. Notwithstanding any provision of this division, any retail off-sale general licensee who holds at least 30 such licenses in this state and who also operates at least 50 wholesale grocery warehouses not licensed under this division may hold a beer and wine wholesale license in a state with a population not exceeding 700,000, provided that such licensed wholesale operation does not sell or transfer any alcoholic beverages to licensees of this state.

(Added by Stats. 1978, Ch. 407.)

25503.15. (a) Notwithstanding any other provision of this division, a winegrower who manufactures, produces, bottles, processes, imports, or sells wine only, or any officer, director, or agent of that person, may hold the ownership of any interest in any on-sale license, if both of the following conditions exist:

- (1) Neither that person, nor any officer, director, or agent of that person, sells or furnishes to the holder of the license any wine, or permits the sale pursuant to that license of any wine, manufactured, produced, wholesaled, bottled, processed, imported, or sold by that person or that person's principal for as long as that ownership continues.
- (2) Neither that person, nor any officer, director, or agent of that person, enters into any collusive scheme, whereby he or she unfairly sells or promotes, in his or her on-sale businesses, the wine of another winegrower who manufactures, produces, bottles, processes, imports, or sells wine only, in return for his or her wine being unfairly sold or promoted in the on-sale businesses of that winegrower.

(b) Notwithstanding any other provision of this division, any licensed winegrower or any winegrower who has a wholesale license, or any officer, director, or agent of that person, may hold, directly or indirectly, the ownership of any interest in an on-sale license, provided that each of the following conditions is met:

- (1) The on-sale licensed premises are licensed as a bona fide public eating place as defined in Section 23038, or as a bona fide bed and breakfast inn as defined in Section 24045.11.
- (2) The on-sale licensed premises purchases all alcoholic beverages sold and served at the on-sale licensed premises only from California wholesale licensees, other than the licensed winegrower who has a wholesale license and an interest in an on-sale license, unless one of the following conditions is met:

(A) The wine purchased is produced or bottled by, or produced and packaged for, the same licensed winegrower that holds an interest in the on-sale license.

(B) The wine is produced or bottled by, and is purchased from, a licensed winegrower who sells no more than 125,000 gallons of wine per year for distribution in this state under all brands or trade names owned by that winegrower.

(C) The wine is purchased by an on-sale licensee in whose on-sale license a licensed winegrower holds an interest, provided that the winegrower sells no more than 125,000 gallons of wine per year for distribution in this state under all brands or trade names owned by that winegrower.

(3) The licensed winegrower and any officer, director, or agent of that person, whether individually or in the aggregate, do not sell and serve the wine products produced or bottled under any brand or trade name owned by that winegrower through more than two on-sale licensed premises in which any of them holds an ownership interest.

(4) The number of wine items by brand offered for sale by the on-sale licensed premises that are produced, bottled, processed, imported, or sold by the licensed winegrower or by any person holding any interest in the winegrower does not exceed 15 percent

of the total wine items by brand listed and offered for sale in the licensed bona fide public eating place selling and serving that wine. This paragraph does not apply to a bona fide bed and breakfast inn.

(c) 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 exceptions established by this section to the general prohibition against tied interests must be limited to their express terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

(Amended by Stats. 2010, Ch. 296, Sec. 8. (SB 1480) Effective January 1, 2011.)

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.

(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.

(Amended by Stats. 2017, Ch. 517, Sec. 1. (SB 461) Effective January 1, 2018.)

25503.17. Nothing in this division shall prohibit the issuance or transfer of any retail onsale general license to any person with respect to premises which are an integral part of the operations of a school for professional chefs 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, or wholesaler holds the ownership of any interest, directly or indirectly, in the premises or in the retail licensee, provided that each of the following conditions is met:

- (a) The school is operated in conjunction with a bona fide eating place open to the public.
- (b) The school has been in operation in a city with a population of less than one million for at least five years prior to the effective date of this section.
- (c) 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 shall purchase no alcoholic beverages for sale in this state from any wholesale licensee holding the ownership of any interest, directly or indirectly, in the premises or in the retail licensee.

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 must be limited to its express terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

(Added by Stats. 1983, Ch. 314, Sec. 1.)

25503.18. Nothing in this division shall prohibit the issuance or transfer of any retail offsale beer and wine license to any person with respect to premises which are an integral part of the operations of a school for professional chefs 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, or wholesaler holds the ownership of any interest, directly or indirectly, in the premises or in the retail licensee, provided that each of the following conditions is met:

- (a) The school is operated in conjunction with a bona fide eating place open to the public.
- (b) The school has been in operation in a city with a population of less than one million for at least five years prior to the effective date of this section.
- (c) 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 shall purchase no alcoholic beverages for sale in this state from any wholesale licensee holding the ownership of any interest, directly or indirectly, in the premises or in the retail licensee.

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 must be limited to its express terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

(Added by Stats. 1983, Ch. 313, Sec. 1.)

25503.19. (a) Nothing in this division shall prohibit the issuance or transfer of any retail on-sale general license to any person with respect to passenger cruise ships or lines 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, or wholesaler holds the ownership of any interest, directly or indirectly, in the cruise ships or lines or in the retail licensee, subject to the following conditions:

- (1) Not more than 10 percent of the total gross annual revenues of the cruise ships or lines is derived from the sale of alcoholic beverages.
- (2) The manufacturer, winegrower, manufacturer's agent, California winegrower's agent, rectifier, distiller, bottler, importer, or wholesaler shall not influence or attempt to influence decisions concerning the purchase and sale of alcoholic beverages by the retail licensee and those decisions are made solely by the retail licensee.
- (3) The retail licensee is not required, by agreement or otherwise, to exclude from sale on board its vessels competitive alcoholic beverage products.
- (4) The retail licensee shall purchase no beer, wine, or distilled spirits for sale in this state other than from a wholesale licensee, and the retail licensee shall purchase no alcoholic beverages for sale in this state from any wholesale licensee holding the ownership of any interest, directly or indirectly, in the cruise ships or lines or in the retail licensee.

(b) 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 must be limited to its express terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

(Added by Stats. 1986, Ch. 804, Sec. 1.)

25503.20. Notwithstanding any other provision of this division, a manufacturer, winegrower, manufacturer's agent, California winegrower's agent, rectifier, distiller, bottler, importer, or wholesaler may hold the ownership of any interest, directly or indirectly in the premises or in the retail licensee, 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 the licensee, provided that each of the following conditions is met:

(a) The retail license is for a nonprofit school for professional chefs located in Napa County which is operated in conjunction with a bona fide eating place open to the public.

(b) The school's educational program has been accredited by the Board of Regents of the University of California, the State Department of Education, or the Council for Private Postsecondary and Vocational Education or other state-authorized accrediting commission.

(c) The number of items of beer, wine, or distilled spirits by brand offered for sale by the retail licensee, which are produced, bottled, rectified, distilled, processed, imported, or sold by the licensees holding an interest in, serving as an officer or director 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 bona fide public eating place.

(Added by Stats. 1995, Ch. 245, Sec. 2. Effective January 1, 1996.)

25503.21. Notwithstanding any other provision of this division, a licensed manufacturer, winegrower, manufacturer's agent, California winegrower's agent, rectifier, distiller, bottler, importer, or wholesaler, or any officer, director, or agent of any such person, who prior to July 1, 1987, has entered into an active lease of premises to any holder of an off-sale license, may continue to lease premises or renew or otherwise modify such lease with any holder of an off-sale license so long as the lessor holds no financial interest other than such lease in the business of the lessee.

(Added by Stats. 1988, Ch. 116, Sec. 4. Effective May 25, 1988.)

25503.22. (a) Nothing in this division shall prohibit the issuance, transfer, or renewal of any retail license to any person with respect to premises which are owned by, or operated by or on behalf of, the licensee, notwithstanding that a wholesaler licensed to sell alcoholic beverages in states other than California has an interest, directly or indirectly, in the premises, in the retail license or in the retail licensee, provided that each of the following conditions are met:

(1) The retail licensee shall purchase no alcoholic beverages for sale in this state other than from a California wholesale licensee, and the retail licensee shall purchase no alcoholic beverages from any manufacturer or wholesale licensee holding the ownership of any interest, directly or indirectly, in the premises, in the retail license or in the retail licensee.

(2) Not more than 40 percent of the gross annual revenues of the retailer are derived from the sale of alcoholic beverages.

(b) 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 must be limited to its expressed terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

(Amended by Stats. 2008, Ch. 412, Sec. 1. Effective September 27, 2008.)

25503.23. Notwithstanding any other provision of this chapter, a beer manufacturer or winegrower may purchase advertising space and time from, or on behalf of, an on-sale retail licensee who is the owner of a stadium with a seating capacity in excess of 3,000 seats during the use of the stadium for an annual water ski show.

(Added by Stats. 1990, Ch. 124, Sec. 1. Effective June 7, 1990.)

25503.24. (a) Notwithstanding any other provision of this chapter, any manufacturer, winegrower, rectifier, distiller, distilled spirits wholesaler, or any officer, director, agent, or representative of any of those entities, may conduct market research and, in connection

with that research, the entity conducting the market research may purchase from licensed off-sale retailers data regarding purchases and sales of alcoholic beverage products at the market rates that those retailers sell similar data for nonalcoholic beverage products subject to the following limitations:

(1) A licensed retailer shall not be obligated to purchase or sell the alcoholic beverage products of that manufacturer, winegrower, rectifier, distiller, or distilled spirits wholesaler.

(2) A retail premises shall not participate in more than one research project conducted by any single manufacturer, winegrower, rectifier, distiller, or distilled spirits wholesaler during a calendar year. A research project may involve multiple onsite surveys to gather feedback.

(3) Nothing in this section shall allow a licensed retailer to require a manufacturer, winegrower, rectifier, distiller, or distilled spirits wholesaler to conduct any market research as a condition for selling alcoholic beverage products to that licensed retailer.

(b) Any holder of a beer manufacturer's license or winegrower's license who, through coercion or other illegal means, induces, directly or indirectly, a holder of a beer or wine wholesaler's license to fulfill obligations entered into pursuant to subdivision (a) 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 market research or time involved in the project, 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.

(c) Any retail licensee who, directly or indirectly, solicits or coerces a holder of a beer or wine wholesaler's license to solicit a beer manufacturer, or holder of a winegrower's license to fulfill obligations entered into pursuant to subdivision (a) 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 market research or time involved in the project, 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) 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.

(Amended by Stats. 2022, Ch. 294, Sec. 2. (AB 2921) Effective January 1, 2023.)

25503.26. (a) Notwithstanding any other provision of this chapter, a beer manufacturer, the holder of a winegrower's license, a California winegrower's agent, a manufacturer of distilled spirits, 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, or is the lessee, or is a wholly owned subsidiary of the lessee, of an arena with a fixed seating capacity in excess of 10,000 seats, at least 60 percent of the use of which is for horseracing events, and which is located within Los Angeles County, Alameda County, or San Mateo County.

(2) The advertising space or time is purchased only in connection with events to be held on the premises of the arena owned or leased by the on-sale licensee.

(3) 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 or marketed by the winegrower or California winegrower's agent and other brands of distilled spirits distributed by a competing distilled spirits wholesaler in addition to the brand manufactured or marketed by the distilled spirits manufacturer or distilled spirits manufacturer's agent purchasing 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 California winegrower's agent, the manufacturer of distilled spirits, or distilled spirits manufacturer's agent, and the on-sale licensee.

(c) Any beer manufacturer, holder of a winegrower's license, California winegrower's agent, manufacturer of distilled spirits, or the 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 the contractual obligations entered into pursuant to subdivision (a) or (b) is 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.

(d) Any on-sale licensee 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 California winegrower's agent, a distilled spirits manufacturer, or a distilled spirits manufacturer's agent, to purchase advertising space or time 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.

(Amended by Stats. 2001, Ch. 567, Sec. 11. Effective October 7, 2001.)

25503.27. (a) Anything in this division to the contrary notwithstanding, any manufacturer, winegrower, manufacturer's agent, rectifier, California winegrower's agent, distiller, bottler, importer, wholesaler, or any officer, director, agent, or representative of any such person, may provide to licensed retailers and the employees of those retailers who are involved in the business decisions of those retailers, both of the following:

(1) Food and beverages for consumption at a meeting at which the primary purpose is the discussion of business, and local ground transportation to and from those meetings.

(2) Tickets or admission to athletic activities or to other forms of entertainment, food and beverages for consumption at those activities, and local ground transportation to and from those activities.

(b) For purposes of this section, any allowable expenditure shall be for an activity for which some portion of the expenditure is deductible as a business entertainment expense under the Internal Revenue Code. The value of any food, beverage, local ground transportation, or tickets or admission to activities or other forms of entertainment provided under subdivision (a) shall not be considered the advancement of moneys or other things of value within the meaning of Sections 25500, 25502, and 25600.

(Added by Stats. 1990, Ch. 425, Sec. 1. Effective July 26, 1990.)

25503.28. (a) Notwithstanding any other provision of this division, the holder of no more than six on-sale licenses, or any officer, director, employee, or agent of that licensee, may own a licensed beer manufacturer holding a license pursuant to Section 23357, and may serve on the board of directors and as an officer or employee of a licensed beer manufacturer. A beer manufacturer, regardless of how many beer manufacturer licenses are held by the beer manufacturer alone, under common ownership with any other licensed beer manufacturer, or under common ownership with any officer, director, employee, or agent of that beer manufacturer licensee who is operating as an on-sale retailer pursuant to this section, shall be prohibited from exercising alone or in common any combination of retail privileges authorized under this section and subdivision (c) of Section 23389 that would result in that beer manufacturer exercising retail privileges at more than eight locations, provided that, subject to the limitations of this section, no more than six of which may be on-sale licenses. This section shall not limit the number of licensed beer manufacturer locations or the exercise of retail privileges at those licensed beer manufacturer locations as authorized pursuant to Section 23357.

(b) An on-sale licensee specified in subdivision (a) shall purchase no alcoholic beverages for sale in this state other than from a wholesale or winegrower licensee, except for any alcoholic beverages manufactured by the licensed beer manufacturer whose premises of production are located no more than five miles from the licensed on-sale premises.

(c) 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 must be limited to its expressed terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

(Amended by Stats. 2022, Ch. 962, Sec. 3. (AB 2307) Effective January 1, 2023.)

25503.29. (a) Nothing in this division shall prohibit the issuance, transfer, or renewal of any retail on-sale license to any person with respect to premises that are either an integral part of, or adjacent to, the operations of a motion picture or television production facility or an affiliated motion picture or television theme park, which premises are 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, or wholesaler has any interest, directly or indirectly, in the premises, in the retail license, or in the retail licensee, if all of the following conditions are met:

(1) No more than 10 percent of the total gross annual revenues of the motion picture or television production facility and any affiliated theme park is derived from the sale of alcoholic beverages.

(2) The retail licensee shall purchase no beer, wine, or distilled spirits for sale in this state other than from a wholesale licensee, and the retail licensee 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 licensee, or in the retail license.

(3) The retail licensee serves other brands of beer, wine, and distilled spirits in addition to the brands manufactured or distributed by the beer or distilled spirits manufacturer or produced or distributed by the winegrower which has any interest, directly or indirectly, in the premises, in the retail licensee, or in the retail license.

(4) No more than 15 percent of the retail licensee's monetary expenditures for alcoholic beverages for sale on its licensed premises in a calendar year shall be for products manufactured or distributed by the beer or distilled spirits manufacturer or produced or distributed by the winegrower which has any interest, directly or indirectly, in the premises, in the retail licensee, or in the retail license.

(b) For purposes of this section:

(1) "Motion picture or television production facility" means an establishment where motion pictures or television programs are produced.

(2) "Motion picture or television theme park" means an establishment with not less than 25 contiguous acres, located in Los Angeles County, the predominant purpose of which is the entertainment of the public through activities related to motion pictures and television programs, that has an annual paid attendance of at least three million people.

(3) "Adjacent to" means located on commonly owned property, or contiguous to, or in close proximity.

(c) 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 must be limited to its express terms so as not to undermine the general prohibition, and intends that this section shall be construed accordingly.

(Amended by Stats. 2012, Ch. 327, Sec. 16. (SB 937) Effective January 1, 2013.)

25503.30. (a) Notwithstanding any other provision of this division, a winegrower or one or more of its direct or indirect subsidiaries of which the winegrower owns not less than a 51-percent interest, who manufactures, produces, bottles, processes, imports, or sells wine and distilled spirits made from grape wine or other grape products only, under a winegrower's license or any other license issued pursuant to this division, or any officer or director of, or any person holding any interest in, those persons may serve as an officer or director of, and may hold the ownership of any interest or any financial or representative relationship in, any on-sale license, or the business conducted under that license, provided that, except in the case of a holder of on-sale general licenses for airplanes and duplicate on-sale general licenses for air common carriers, all of the following conditions are met:

(1) The on-sale licensee purchases all alcoholic beverages sold and served only from California wholesale licensees.

(2) The number of wine items by brand offered for sale by the on-sale licensee that are produced, bottled, processed, imported, or sold by the licensed winegrower or by the subsidiary of which the winegrower owns not less than 51 percent, or by any officer or director of, or by any person holding any interest in, those persons does not exceed 15 percent of the total wine items by brand listed and offered for sale by the on-sale licensee selling and serving that wine. Notwithstanding paragraph (1), wine sold pursuant to this provision may be purchased from a California winegrower so long as the wine purchased is produced or bottled by, or produced and packaged for, the same licensed winegrower that holds an interest in the on-sale license and such direct sales do not involve more than two on-sale licenses in which the winegrower or any person holding an interest in the winegrower holds any interest, directly or indirectly, either individually or in combination or together with each other in the aggregate.

(3) None of the persons specified in this section may have any of the interests specified in this section in more than two on-sale licenses.

(b) The Legislature finds that, while this section provides a limited exception for licensed winegrowers, that limited exception is granted for specific purposes, and that it is also necessary and proper that licensed winegrowers maintain the authority granted under this division to sell wine and brandy to any individual consumer or any person holding a license authorizing the sale of wine or brandy.

(c) 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 exceptions established by this section to the general prohibition against tied interests must be limited to their express terms so as not to undermine the general prohibition, and the Legislature intends that this section be construed accordingly.

(Amended by Stats. 2000, Ch. 162, Sec. 2. Effective January 1, 2001.)

25503.31. (a) Notwithstanding any other provision of this division, a beer manufacturer, holder of a winegrower's license, a California winegrower's agent, a distilled spirits manufacturer, holder of a distilled spirits rectifiers general license, a distilled spirits manufacturer's agent, and a licensed retailer may make monetary contributions or alcoholic beverage contributions of the type that licensee is authorized to sell to a symphony association, if all the following conditions are met:

(1) The symphony association is a nonprofit charitable corporation or association exempt from payment of income taxes under the provisions of the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code.

(2) The symphony association has been incorporated in the City and County of San Francisco by and through its predecessor organizations for not less than 99 years and produces not less than 175 musical events open to the general public per symphony season.

(3) The symphony association holds a retail on-sale license in a portion of its premises, provided that no contribution shall be used in or for the benefit of the symphony association's retail on-sale license.

(4) The contribution shall not be conditioned directly or indirectly, in any way, on the purchase, sale, or distribution of any alcoholic beverage manufactured or distributed by the beer manufacturer, holder of a winegrower's license, California winegrower's agent, distilled spirits manufacturer, holder of a distilled spirits rectifiers general license, a distilled spirits manufacturer's agent, or a licensed retailer by the symphony association.

(b) The symphony association shall serve other brands of beer distributed by a competing beer wholesaler in addition to the brand manufactured or marketed by the contributing beer manufacturer, other brands of wine distributed by a competing wine wholesaler in addition to the brand produced or marketed by the contributing winegrower or California winegrower's agent, and other brands of distilled spirits distributed by a competing distilled spirits wholesaler in addition to the brand manufactured or marketed by the contribution distilled spirits manufacturer or distilled spirits manufacturer's agent.

(c) For purposes of this section, "beer manufacturer" includes a holder of a beer manufacturer's license, a holder of an out-of-state beer manufacturer's certificate, or a holder of a beer and wine importer's general license.

(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 exceptions established by this section to the general prohibition against tied interests must be limited to their express terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

(Amended by Stats. 2013, Ch. 463, Sec. 5. (AB 1425) Effective January 1, 2014.)

25503.32. (a) Notwithstanding Sections 25500 and 25503, a beer manufacturer, winegrower, rectifier, distilled spirits manufacturer, craft distiller, or a distilled spirits manufacturer's agent may purchase advertising space and time in connection with an on-sale retail licensed premises, if all the following conditions are met:

(1) The on-sale retail licensed premises is operated as an integral part of an opera house that was constructed in 1880, is listed in the National Register of Historic Places, and is located in the City of Napa.

(2) The administrator of the opera house is a nonprofit charitable corporation or association that is exempt from the payment of income taxes under the Internal Revenue Code of the United States and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code.

(3) The advertising space and time is purchased only in connection with specific events that are conducted by and for the benefit of the nonprofit charitable corporation or association that administers the opera house and that are open to the public.

(4) All payments for the purchase of advertising space and time shall be made to the nonprofit charitable corporation or association that administers the opera house. Payments shall not be made, directly or indirectly, to the on-sale retail licensee.

(5) (A) Except as provided in subparagraph (B), purchased advertising space and time shall not promote or be for the benefit of the on-sale retail licensee.

(B) Purchased advertising space and time may identify the on-sale retail licensed premises for purposes of identifying the venue at which the event is being held. This identification shall be relatively inconspicuous in connection with the

advertisement as a whole.

(6) An agreement to purchase advertising space and time shall not require, directly or indirectly, the purchase or sale of the advertiser's products by the on-sale retail licensee. The on-sale retail licensee shall offer for sale, in a bona fide manner, alcoholic beverages manufactured, produced, or distributed by competing licensed beer manufacturers, winegrowers, rectifiers, distilled spirits manufacturers, craft distillers, or distilled spirits manufacturer's agents.

(b) Advertising space and time purchased pursuant to this section may be included in printed programs for the specific event and in announcements made during the event, as well as any internet, social media, or other media promotion of the event. The advertising may also be placed on or in the on-sale retail licensed premises, or on or in unlicensed areas within the opera house operated by the on-sale retail licensee, only during the time the specific event is taking place.

(c) 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 exceptions established by this section to the general prohibition against tied interests must be limited to their express terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

(Amended by Stats. 2020, Ch. 370, Sec. 18. (SB 1371) Effective January 1, 2021.)

25503.33. (a) Notwithstanding any other provision of this division, a beer manufacturer or winegrower may provide sponsorship funds for or on behalf of a retail on-sale licensee provided each of the following conditions are met:

(1) The on-sale licensee is the owner and manager of outdoor fairs in northern and southern California which have a history-based theme and operate for 6 to 12 weekends in either or both venues and, excluding rain-outs, have an average daily attendance exceeding 10,000 persons.

(2) The sponsorship funds will be provided and used only in connection with specific programs or activities at the outdoor fairs described in paragraph (1).

(3) The sponsorship funds are to sponsor the following programs or activities only:

(i) Signing program for the deaf.

(ii) Docent program for the disabled.

(iii) Public school history program.

(iv) Scholarships and honoraria for the students of the College of Performing Arts.

(v) Contests involving sports, cooking, brewing, costumes, and other skills related to arts and sciences.

(vi) Equestrian exhibits and tournaments.

(4) The on-sale licensee serves other brands of beer or wine in addition to the brand manufactured by the beer manufacturer or produced by the winegrower providing sponsorship funds.

(b) Any provision of sponsorship funds pursuant to subdivision (a) shall be conducted pursuant to a written contract entered into by the beer manufacturer or winegrower and the on-sale licensee.

(c) Any beer manufacturer or winegrower who, through coercion or other illegal means, induces a beer or wine wholesaler to fulfill those contractual obligations entered into pursuant to subdivision (a), is guilty of a misdemeanor and is punishable by imprisonment in a county jail not exceeding six months, or by a fine in an amount equal to the entire value of the sponsorship funds involved in the contract, plus ten thousand dollars (\$10,000), or by both that imprisonment and fine. This person shall also be subject to license revocation pursuant to Section 24200.

(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 must be limited to its express terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

25503.34. (a) A holder of a winegrower's license, a beer manufacturer as defined in subdivision (d), a distilled spirits rectifier, a distilled spirits manufacturer, or distilled spirits manufacturer's agent may donate wine, beer, or spirits, and make monetary contributions to a complex dedicated to the presentation of live artistic, musical, sports, food, beverage, culinary, lifestyle, or other cultural entertainment events or performances, if all of the following conditions are met:

(1) The permanent retail on-sale licensee in the complex is a nonprofit charitable corporation or association exempt from payment of income taxes under the provisions of the Internal Revenue Code and Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code.

(2) The complex is 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.

(3) The complex has a permanent retail on-sale license that is a long-term tenant of the complex.

(4) The donation or monetary contribution shall not be conditioned directly or indirectly, in any way, on the purchase, sale, or distribution of any alcoholic beverage manufactured or distributed by the holder of a winegrower's license, the beer manufacturer, the distilled spirits rectifier, the distilled spirits manufacturer, or the distilled spirits manufacturer's agent by the licensee of the complex.

(5) The permanent retail on-sale licensee in the complex shall:

(A) Serve other brands of beer distributed by a competing beer wholesaler in addition to the brand manufactured or marketed by a contributing beer manufacturer.

(B) Serve other brands of wine distributed by a competing wine wholesaler in addition to the brand produced or distributed by a contributing winegrower.

(C) Serve other brands of distilled spirits distributed by a competing distilled spirits wholesaler in addition to the brand manufactured or marketed by the contributing distilled spirits manufacturer or distilled spirits manufacturer's agent.

(6) Except as provided in paragraph (7), donated wine, beer, or spirits shall not be used or sold by the permanent retail licensee and a monetary contribution shall not be used in, or for the benefit of, the permanent retail on-sale licensee.

(7) Donated wine, beer, or spirits may only be used or sold in connection with fundraising activities held on or off the permanent licensed premises. Fundraising activities held in any area included in the licensed premises during which donated wine, beer, or spirits is used or sold shall not take place at the complex while the permanent retail licensee is exercising its license privileges and shall only be conducted pursuant to a temporary license issued by the department, provided however, that the permanent licensee shall surrender its license during the fundraising only for those areas of the complex where the fundraising activities are being presented and may continue to operate under its permanent license in other areas covered by the license where the fundraising is not taking place.

(b) The complex may acknowledge and thank a donating winegrower, beer manufacturer as defined in subdivision (d), distilled spirits rectifier, distilled spirits manufacturer, or distilled spirits manufacturer's agent in the complex's event programs, on the complex's Internet Web site, and on stage at the permanent licensed premises during an event or performance.

(c) 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.

(d) 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.

25503.35. (a) Notwithstanding Sections 25500 and 25503, a beer manufacturer, winegrower, rectifier, distilled spirits manufacturer, craft distiller, or a distilled spirits manufacturer's agent may purchase advertising space and time in connection with a special on-sale retail licensed premises, if all of the following conditions are met:

- (1) The on-sale retail licensed premises is a for-profit theater licensed with a special on-sale general license pursuant to Section 24045.75.
- (2) The on-sale retail licensed premises is configured with theatrical seating of at least 1,600 seats but no more than 2,400 seats.
- (3) The on-sale retail licensed premises is a historic theater that is located in the City and County of San Francisco, that was built prior to 1927, and that is either within a historic district as designated by the National Register of Historic Places or is designated as a Landmark by the San Francisco Historic Preservation Commission.
- (4) All payments for the purchase of advertising space and time shall be made pursuant to a written contract with the owner of the theater, the licensee, or the long-term tenant, as appropriate.
- (5) No agreement for advertising authorized by this section shall be contingent upon or otherwise require, directly or indirectly, implicitly or explicitly, the retail licensee to purchase or sell any alcoholic beverages or other products produced, manufactured, imported, distributed, or otherwise represented by the purchaser of the advertising space and time. The special on-sale general licensee shall offer for sale, in a bona fide manner, alcoholic beverages manufactured, produced, or distributed by competing licensed beer manufacturers, winegrowers, rectifiers, distilled spirits manufacturers, craft distillers, or distilled spirits manufacturer's agents.
- (6) Advertising space and time purchased pursuant to this section may be included in printed programs for specific theatrical performances and in announcements made during the theatrical performances, as well as any internet, social media, or other media promotion of the specific theatrical performance. The advertising may also be placed on or in the special on-sale general licensed premises.

(b) 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 exceptions established by this section to the general prohibition against tied interests must be limited to their express terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

(Amended by Stats. 2022, Ch. 271, Sec. 1. (AB 1323) Effective January 1, 2023.)

25503.36. (a) Notwithstanding any other provision of this division, an authorized licensee may sponsor events promoted by, and may purchase advertising space and time from, or on behalf of, a live entertainment marketing company in connection with events organized and conducted by the live entertainment marketing company on the premises of a permanent retail licensee located at the San Diego County Fairgrounds, located in the City of Del Mar in the County of San Diego, subject to all of the following conditions:

- (1) The live entertainment marketing company operates and promotes live artistic, musical, sports, or cultural entertainment events only.
- (2) The events will take place over a period of no more than four consecutive days during which approximately 100 acts will perform before approximately 20,000 or more patrons.
- (3) The live entertainment marketing company is a Delaware limited liability company that is under common ownership, management, or control by a private equity firm that may also have common ownership, management, or control of a licensed California winery, provided the winery represents not more than 25 percent of the assets under common ownership, management, or control by the private equity firm or its subsidiaries, and the live entertainment marketing company exercises no control over the operations of the winery. Any authorized licensee sponsoring an event or purchasing advertising space or time, pursuant to this section, shall obtain written verification of compliance with this subdivision prior to such sponsorship or the purchase of advertising space or time.
- (4) Any on-sale licensee operating at the San Diego County Fairgrounds shall serve other brands of beer, distilled spirits, and wine distributed by a competing wholesaler or manufacturer in addition to any brand manufactured, distributed, or owned by the authorized licensee sponsoring an event or purchasing advertising space or time pursuant to this section.

(5) An agreement pursuant to this section shall not be conditioned directly or indirectly on the purchase, sale, or distribution of any alcoholic beverage manufactured or distributed by any authorized licensee sponsoring or purchasing advertising space or time pursuant to this section.

(b) Any sponsorship of events or purchase of advertising space or time conducted pursuant to subdivision (a) shall be conducted pursuant to a written contract entered into by the authorized licensee and the live entertainment marketing company.

(c) Any authorized licensee who, through coercion or other illegal means, induces, directly or indirectly, a holder of a wholesaler's license to fulfill those contractual obligations entered into pursuant to subdivision (a) 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 suspension or revocation pursuant to Section 24200.

(d) Any on-sale retail licensee who, directly or indirectly, solicits or coerces a holder of a wholesaler's license to solicit an authorized licensee to purchase advertising time or space pursuant to subdivision (a) 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 suspension or revocation pursuant to Section 24200.

(e) Nothing in this section shall authorize the purchasing of advertising space or time directly from, or on behalf of, any on-sale licensee except as expressly authorized by this section or any other provision of this division.

(f) Nothing in this section shall authorize an authorized licensee to furnish, give, or lend anything of value to an on-sale retail licensee described in subdivision (a) except as expressly authorized by this section or any other provision of this division.

(g) For purposes of this section, the following definitions shall apply:

(1) "Authorized licensee" means the following licensees: beer manufacturer, out-of-state beer manufacturer's certificate, winegrower, winegrower's agent, importer, rectifier, distilled spirits manufacturer, distilled spirits rectifier general, distilled spirits manufacturer's agent.

(2) Except for a licensee that holds only a beer and wine importer general license or a distilled spirits importer general license, "importer" does not include the holder of any importer license that does not also hold at least one other license specified as an authorized licensee.

(h) 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 must be limited to its expressed terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

(Added by Stats. 2015, Ch. 527, Sec. 1. (AB 1320) Effective October 6, 2015.)

25503.37. (a) Nothing in this division shall prohibit the issuance, transfer, or renewal of any retail on-sale license to any person with respect to premises that are an integral part of an interactive entertainment facility and are owned directly or indirectly, in whole or in part, 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, or wholesaler has any interest, directly or indirectly, in the premises, in the retail license, or in the retail licensee, if all of the following conditions are met:

(1) The principal business conducted within the facility is providing interactive entertainment, not the sale of alcoholic beverages.

(2) Other than as permitted in Sections 23358 and 23360 with respect to wine and brandy, the retail licensee shall purchase no beer, wine, or distilled spirits for sale in this state other than from a wholesale licensee, and the retail licensee 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 licensee, or in the retail license.

(3) The retail licensee shall serve other brands of beer, wine, and distilled spirits in addition to the brands manufactured, produced, or distributed by any manufacturer, winegrower, manufacturer's agent, California winegrower's agent, rectifier, distiller, bottler, importer, or wholesaler which has any interest, directly or indirectly, in the premises, in the retail licensee, or in the retail license.

(4) No more than 15 percent of the retail licensee's monetary expenditures for alcoholic beverages for sale on its licensed premises in a calendar year shall be for products manufactured, produced, or distributed by any manufacturer, winegrower, manufacturer's agent, California winegrower's agent, rectifier, distiller, bottler, importer, or wholesaler which has any interest, directly or indirectly, in the premises, in the retail licensee, or in the retail license.

(b) For purposes of this section, "interactive entertainment facility" means premises which feature interactive computer and video entertainment attractions, themed merchandise, and food and beverages.

(c) 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. Notwithstanding the foregoing, having considered the public welfare, the economic impact on the state, and the entirety of the circumstances involved, the Legislature further finds that the purpose and intent of the general prohibition against tied interests is not violated by granting the exception established by this section.

(Amended by Stats. 2012, Ch. 327, Sec. 17. (SB 937) Effective January 1, 2013.)

25503.38. (a) Notwithstanding any other provision of this chapter, a beer manufacturer may sponsor or purchase advertising space and time from, or on behalf of, an off-sale retail licensee subject to all of the following conditions:

(1) The off-sale retail licensee is an owner or coowner of a professional sports team.

(2) The professional sports team owned or coowned by the off-sale retail licensee is a tenant of, and plays its home games in, an arena with a fixed seating capacity in excess of 10,000 seats located in San Joaquin County.

(3) The advertising space or time is sponsored or purchased only in connection with the professional sports team's events held on the premises of the arena.

(4) The owner or coowner of the professional sports team does not hold or have an interest in more than two off-sale retail licenses.

(b) Any sponsorship or purchase of advertising space or time conducted pursuant to subdivision (a) shall be conducted pursuant to a written contract entered into by the beer manufacturer, the off-sale retail licensee, and all other coowners, where applicable.

(c) Any beer manufacturer who, through coercion or other illegal means, induces, directly or indirectly, a holder of a wholesaler's license to fulfill 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 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.

(d) Any off-sale retail licensee described in subdivision (a) who, directly or indirectly, solicits or coerces a holder of a wholesaler's license to solicit a beer manufacturer to sponsor or purchase advertising time or space 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) Nothing in this section shall authorize the purchasing of advertising space or time from, or on behalf of, any on-sale licensee that is the owner, manager, agent of the owner, assignee of the owner's advertising rights, or a tenant of the arena described in paragraph (2) of subdivision (a).

(f) Nothing in this section shall authorize a beer manufacturer to furnish, give, or lend anything of value to an off-sale retail licensee described in subdivision (a) except as expressly authorized by this section or any other provision of this division.

(g) For purposes of this section, "beer manufacturer" includes a holder of a beer manufacturer's license, a holder of an out-of-state beer manufacturer's certificate, or a holder of a beer and wine importer's general license, selling beer only.

(Added by Stats. 2007, Ch. 221, Sec. 1. Effective September 21, 2007.)

25503.39. (a) Notwithstanding any other provision of this chapter, a beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of an importer's general license, distilled spirits manufacturer, holder of a distilled spirits rectifiers general license, or a distilled spirits manufacturer's agent may sponsor events promoted by, and may purchase advertising space and time from, or on behalf of, a live entertainment marketing company subject to all of the following conditions:

(1) The live entertainment marketing company is a wholly owned subsidiary of a live entertainment company that has its principal place of business in the County of Los Angeles, whose shares of stock are sold to the general public on a national stock exchange, and also owns subsidiaries that hold on-sale retail licenses.

(2) The sponsorship and the advertising space or time is purchased only in connection with the promotion of live artistic, musical, sports, or cultural entertainment events at entertainment facilities, auditoriums, or arenas that are designed and used for live artistic, musical, sports, or cultural entertainment events.

(3) (A) Any on-sale licensee operating at a venue where live artistic, musical, sports, or cultural entertainment events are performed pursuant to a sponsorship described in this section or where advertising is purchased as described in this section shall serve other brands of beer, distilled spirits, and wine in addition to any brand manufactured or distributed by the sponsoring or advertising beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of an importer's general license, distilled spirits manufacturer, holder of a distilled spirits rectifiers general license, or a distilled spirits manufacturer's agent.

(B) Any on-sale retail licensee owned by the live entertainment company described in paragraph (1) shall serve other brands of beer, distilled spirits, and wine in addition to any brand manufactured or distributed by the sponsoring or advertising beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of an importer's general license, distilled spirits manufacturer, holder of a distilled spirits rectifiers general license, or a distilled spirits manufacturer's agent.

(4) (A) Advertising space or time purchased pursuant to this section shall not be placed in any on-sale licensed premises where the on-sale retail licensee is owned by the live entertainment company, or any of its subsidiaries, described in paragraph (1).

(B) Sponsorship provided pursuant to this section shall not be allowed if the event or activity is held at or in any on-sale licensed premises where the on-sale retail licensee is owned by the live entertainment company, or any of its subsidiaries, described in paragraph (1).

(5) An agreement for the sponsorship of, or for the purchase of advertising space and time during, a live artistic, musical, sports, or cultural entertainment event shall not be conditioned directly or indirectly, in any way, on the purchase, sale, or distribution of any alcoholic beverage manufactured or distributed by the advertising or sponsoring beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of an importer's general license, distilled spirits manufacturer, holder of a distilled spirits rectifiers general license, or a distilled spirits manufacturer's agent by the live entertainment company described in paragraph (1) or by any on-sale retail licensee that is owned by the live entertainment company.

(b) Any sponsorship of events or purchase of advertising space or time conducted pursuant to subdivision (a) shall be conducted pursuant to a written contract entered into by the beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of an importer's general license, distilled spirits manufacturer, holder of a distilled spirits rectifiers general license, or a distilled spirits manufacturer's agent and the live entertainment marketing company.

(c) Any beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of an importer's general license, distilled spirits manufacturer, holder of a distilled spirits rectifiers general license, or a 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 those contractual obligations entered into pursuant to subdivision (a) 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.

(d) Any on-sale retail licensee who, directly or indirectly, solicits or coerces a holder of a wholesaler's license to solicit a beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of an importer's general license, distilled spirits manufacturer, holder of a distilled spirits rectifiers general license, or a distilled spirits manufacturer's agent to purchase advertising time or space pursuant to subdivision (a) 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 purposes of this section, "beer manufacturer" includes a holder of a beer manufacturer's license, a holder of an out-of-state beer manufacturer's certificate, or a holder of a beer and wine importer's general license.

(f) Nothing in this section shall authorize the purchasing of advertising space or time directly from, or on behalf of, any on-sale licensee.

(g) Nothing in this section shall authorize a beer manufacturer, holder of a winegrower's license, winegrower's agent, holder of an importer's general license, distilled spirits manufacturer, holder of a distilled spirits rectifiers general license, or a distilled spirits manufacturer's agent to furnish, give, or lend anything of value to an on-sale retail licensee described in subdivision (a) except as expressly authorized by this section or any other provision of this division.

(Added by Stats. 2007, Ch. 349, Sec. 4. Effective January 1, 2008.)

25503.41. (a) Notwithstanding any other provision of this division, any person that both operates a winery in another state and produces distilled spirits in another state may hold an interest in no more than 12 brewpub-restaurant licenses, provided that all of the following conditions are met:

(1) The out-of-state distilling operations occur only on premises where the licensee also conducts brewpub-restaurant operations, and do not exceed 12,000 gallons of distilled spirits annually at any licensed location.

(2) The out-of-state winery operations occur only on premises where the licensee also conducts brewpub-restaurant operations.

(3) The distilled spirits and wine that are manufactured out of state by the licensee are not imported into or sold in this state. If the licensee imports beer into this state that is produced in its out-of-state brewpub, it shall do so only through a licensed beer and wine wholesaler.

(b) 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 must be limited to its expressed terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

(Added by Stats. 2008, Ch. 461, Sec. 1. Effective January 1, 2009.)

25503.42. (a) Notwithstanding any other provision of this chapter, a beer manufacturer, the holder of a winegrower's license, a California winegrower's agent, a holder of a distilled spirits rectifier's general license, a distilled spirits manufacturer, or a distilled spirits manufacturer's agent may purchase indoor advertising space or time at a fully enclosed venue with box office sales and attendance by the public on a ticketed basis only, with a patronage capacity in excess of 2,000, but not more than 3,000, located in Los Angeles County within the area subject to the Los Angeles Sports and Entertainment District Specific Plan adopted by the City of Los Angeles pursuant to ordinance number 174225, as approved on September 6, 2001, where the owner of the venue is not the on-sale retail licensee. The purchase of the indoor advertising space or time shall be subject to all of the following conditions:

(1) The indoor advertising space or time is purchased only at the venue specified in this subdivision.

(2) The purchase of indoor advertising space or time shall be conducted pursuant to a written agreement entered into by the beer manufacturer, holder of a winegrower's license, California winegrower's agent, holder of a distilled spirits rectifier's general license, distilled spirits manufacturer, or a distilled spirits manufacturer's agent and the owner of the venue described in this subdivision. A holder of a wholesale license shall not be a party to the written agreement or otherwise have any direct or indirect obligations under the agreement, including an obligation to share in the costs or contribute to the costs of the indoor advertising space or time purchased pursuant to this section.

(3) An agreement for the purchase of indoor advertising space or time pursuant to this section shall not be conditioned directly or indirectly, in any way, on the purchase, sale, or distribution of any alcoholic beverage manufactured or distributed by the advertising beer manufacturer, holder of a winegrower's license, California winegrower's agent, holder of a distilled spirits rectifier's general license, distilled spirits manufacturer, or a distilled spirits manufacturer's agent by any on-sale retail licensee.

(4) An on-sale licensee operating at a venue described in this subdivision where indoor advertising space or time is purchased shall serve other brands of beer distributed by a competing beer wholesaler in addition to the brands manufactured or marketed by the advertising beer manufacturer, other brands of wine distributed by a competing wine wholesaler in addition to the brands produced or marketed by the advertising winegrower or California winegrower's agent, and other brands of distilled spirits distributed by a competing distilled spirits wholesaler in addition to the brands manufactured or marketed by the advertising distilled spirits manufacturer, the distilled spirits manufacturer's agent, or a holder of a distilled spirits rectifier's general license.

(5) No more than 15 percent of the retail licensee's monetary expenditures for distilled spirits and wine for sale on its licensed premises in any calendar year shall be for products manufactured, produced, or distributed by the holder of a winegrower's license, California winegrower's agent, distilled spirits manufacturer, holder of a distilled spirits rectifier's general license, or a distilled spirits manufacturer's agent that has purchased indoor advertising space.

(b) A beer manufacturer, holder of a winegrower's license, California winegrower's agent, holder of a distilled spirits rectifier's general license, distilled spirits manufacturer, or a 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 those contractual obligations entered into pursuant to subdivision (a) shall be guilty of a misdemeanor and shall be punished by imprisonment in a county jail for not more than six months, or by a fine equal to the greater of an amount equal to the entire value of the advertising space or time involved in the contract or ten thousand dollars (\$10,000), or by both that imprisonment and fine. The person shall also be subject to license revocation pursuant to Section 24200.

(c) An on-sale retail licensee who, directly or indirectly, solicits or coerces a holder of a wholesaler's license to solicit a beer manufacturer, holder of a winegrower's license, California winegrower's agent, holder of a distilled spirits rectifier's general license, distilled spirits manufacturer, or a distilled spirits manufacturer's agent to purchase indoor advertising time or space pursuant to subdivision (a) shall be guilty of a misdemeanor and shall be punished by imprisonment in a county jail for not more than six months, or by a fine equal to the greater of an amount equal to the entire value of the advertising space or time involved in the contract or ten

thousand dollars (\$10,000), or by both that imprisonment and fine. The person shall also be subject to license revocation pursuant to Section 24200.

(d) For purposes of this section, "beer manufacturer" includes a holder of a beer manufacturer's license, a holder of an out-of-state beer manufacturer's certificate, or a holder of a beer and wine importer's general license.

(e) Nothing in this section shall authorize the purchasing of indoor advertising space or time pursuant to subdivision (a) by any beer manufacturer, holder of a winegrower's license, a California winegrower's agent, a distilled spirits manufacturer, holder of a distilled spirits rectifier's general license, or a distilled spirits manufacturer's agent directly or indirectly from any on-sale licensee.

(f) A venue owner that meets the description provided in subdivision (a) and that enters into a written agreement pursuant to this section shall obtain an annual certificate from the department. The director shall prepare, as part of the annual report required by Section 23055 for submission to the Legislature, a listing of the number of certifications made pursuant to this section or the absence of any certifications. Where there have been no certifications made pursuant to this section for two consecutive years, this information shall be included in the report.

(g) 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 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.

(Amended by Stats. 2012, Ch. 327, Sec. 18. (SB 937) Effective January 1, 2013.)

25503.45. (a) Notwithstanding any other provision of this division, a licensed beer manufacturer or a holder of beer and wine importer's general license, or any director, partner, officer, agent, or representative of that person, may instruct consumers at an on-sale retail licensed premises authorized to sell its product with the permission of the on-sale retail licensee. The instruction may include serving beer sold by the on-sale retail licensee to the consumer and providing information on the history, nature, values, and characteristics of the beer, and methods of presenting and serving the beer. Orders for the sale of beer may be accepted by the beer manufacturer conducting an instructional event if the sales transaction is completed at the beer manufacturer's licensed premises.

(b) A person authorized by subdivision (a), in advance of an authorized instructional event, may list in an advertisement the name and address of the on-sale retail licensee, the names of the beers being featured at the instructional event, and the time, date, and location of, and other information about, the instructional event, subject to the following limitations:

(1) The advertisement does not also contain the retail price of the beers.

(2) The listing of the retailer's name and address is the only reference to the retailer in the advertisement and is relatively inconspicuous in relation to the advertisement as a whole. Pictures or illustrations of the retailer's premises and laudatory references to the retailer in these advertisements are not hereby authorized.

(c) An on-sale retail licensee's advertisement of an authorized instructional event may include the name, address, and brand names of the person authorized by subdivision (a), however nothing in this section allows that person to share in the costs of the on-sale retail licensee's advertisement.

(d) For purposes of this section, a licensed beer and wine wholesaler shall not be a representative of a beer manufacturer or a holder of a beer and wine importer's general license.

(e) Notwithstanding any other provision of this division, no alcoholic beverage may be given away in connection with the instructional event authorized by this section.

(Added by Stats. 2010, Ch. 149, Sec. 1. (AB 2134) Effective January 1, 2011.)

25504. Any person violating any provision of Sections 25500 to 25503, inclusive, is guilty of a misdemeanor, and any holder of any retail on-sale or retail off-sale license who solicits any such violation or accepts or permits to be accepted on his behalf and with his consent any of the prohibited matters, articles, or acts is guilty of a misdemeanor.

The provisions of Sections 25500 to 25503, inclusive, do not apply to any equipment, fixtures, or supplies furnished, given, lent, or sold prior to June 13, 1935, so long as the equipment, fixtures, or supplies remain in the premises in which installed prior to that time, nor do they apply to carbonic acid gas or tapping accessories furnished to any one on-sale licensee to a limit of not exceeding a value of five dollars (\$5) per tap in any one calendar year.

(Amended by Stats. 1953, Ch. 1149.)

25504.5. The provisions of Sections 25500 to 25503, inclusive, and of Section 25600 do not apply to the occasional inspection and cleaning by manufacturers and wholesalers of taps and tapping equipment installed in retail on-sale premises.

(Amended by Stats. 2012, Ch. 367, Sec. 1. (AB 573) Effective January 1, 2013.)

25505. No on-sale licensee, or any officer, director, employee, or agent of that licensee, shall hold any ownership or interest, directly or indirectly, in any manufacturer's, winegrower's, rectifier's, importer's, or wholesaler's license, the business conducted under that license, or the property used in the business.

The provisions of this section shall not apply to the holding by one person of a wholesaler's license and an on-sale license in a county with a population that does not exceed 15,000.

The provisions of this section shall not apply to the financial or representative relationship between a manufacturer, winegrower, manufacturer's agent, rectifier, distiller, bottler, importer, or wholesaler, or any officer, director, or agent of that person, and, except as otherwise specified, a person holding only one of the following types of licenses:

- (a) On-sale general license for a bona fide club.
- (b) Club license (issued under Article 4 (commencing with Section 23425) of Chapter 3 of this division).
- (c) Veterans' club license (issued under Article 5 (commencing with Section 23450) of Chapter 3 of this division).
- (d) On-sale license for boats, trains, sleeping cars or airplanes, except as provided in subdivision (e), where the alcoholic beverages produced or sold by that manufacturer, winegrower, manufacturer's agent, rectifier, bottler, importer, or wholesaler or any officer, director, or agent of that person are not sold, furnished or given, directly or indirectly to the on-sale licensee.

The provisions of this section shall not prohibit the leasing of property by an on-sale licensee to a manufacturer, winegrower, rectifier, importer or wholesaler provided that the lease agreement is first approved by the department. The department shall approve the lease agreement unless it finds that the rent payable is not the fair rental value of the property or that the purpose of the lease is to violate any of the provisions of this chapter.

The provisions of this section shall not prohibit the holding of any ownership or interest by an on-sale licensee, or any officer, director, employee, or agent of any on-sale licensee, in any winegrower's license, which winegrower manufactures, produces, bottles, processes, imports, or sells wine only, or in the business conducted under any winegrower's license, provided the on-sale licensee, or the officer, director, employee, or agent thereof does not sell pursuant to that on-sale license any wine manufactured, produced, processed, imported, or sold by the licensed winegrower for so long as the holding of the ownership or interest continues.

- (e) Any and all of the licenses specifically enumerated, mentioned, or described in Section 25503.30, either singly or in combination.

(Amended by Stats. 2010, Ch. 296, Sec. 9. (SB 1480) Effective January 1, 2011.)

25506. Except as authorized by this division, no off-sale general licensee, or any officer, director, employee, or agent of such licensee, shall hold any ownership or interest, directly or indirectly, in the business, property, or license of any distilled spirits wholesaler, rectifier, distilled spirits manufacturer, or distilled spirits manufacturer's agent.

(Added by Stats. 1953, Ch. 152.)

25507. The provisions of Section 25506 do not prohibit a licensed wine grower or brandy manufacturer holding an off-sale general license permitted by Section 23362, or any officer, director, or employee of such licensee, from holding any ownership or interest in any distilled spirits manufacturer's, distilled spirits manufacturer's agent's, rectifier's, or distilled spirits wholesaler's license, business, or property.

(Added by Stats. 1953, Ch. 152.)

25508. Any person who held an interest in, or was a member of, a cooperative wholesale grocery company on May 1, 1947, which cooperative holds a distilled spirits wholesaler's license, may hold and renew his off-sale general license and may acquire an off-sale general license or licenses for bona fide retail grocery store or stores. Any person who is admitted to membership, or acquires an interest, in such a cooperative after May 1, 1947, may hold or acquire off-sale general licenses and shall operate a bona fide retail grocery store at each location at which he holds or acquires an off-sale general license. Any cooperative wholesale grocery company which held a distilled spirits wholesale license on May 1, 1937, may hold and renew the license, notwithstanding its members or some of them hold off-sale general licenses pursuant to this section.

(Added by Stats. 1953, Ch. 152.)

25509. (a) A distilled spirits manufacturer, a brandy manufacturer, a beer manufacturer, a winegrower, a wine blender, a distilled spirits rectifier, a wine rectifier, a distilled spirits wholesaler, or a beer and wine wholesaler who sold and delivered beer, wine, or distilled spirits to a retailer and who did not receive payment for that beer, wine, or distilled spirits by the expiration of the 42nd day from date of delivery shall charge the retailer 1 percent of the unpaid balance for that beer, wine, and distilled spirits on the 43rd day from date of delivery and an additional 1 percent for each 30 days thereafter.

(b) A distilled spirits manufacturer, a brandy manufacturer, a beer manufacturer, a winegrower, a wine blender, distilled spirits rectifier, a wine rectifier, distilled spirits wholesaler, or beer and wine wholesaler who sold and delivered beer, wine, or distilled spirits to a retailer and who did not receive payment in full by the expiration of the 30th day from date of delivery or who has not received payment of the 1 percent charge at the expiration of the 30th day from the day the charge became due shall thereafter sell beer, wine, or distilled spirits to that retailer either for cash or by receiving payment in advance of delivery until such time as all payments are received for the beer, wine, or distilled spirits sold and delivered to the said retailer more than 30 days previously.

(c) The 42-day period and the 30-day period provided for in this section shall commence with the day immediately following the date of invoice and shall include all successive days including Sundays and holidays to and including the 42nd or 30th day as the case may be. When the 42nd day from date of invoice or the expiration of each additional 30-day period falls on Saturday, Sunday, or legal holiday, the next business day shall be deemed to be the expiration day.

(d) All moneys received from a retailer in payment for any beer, wine, or distilled spirits sold and delivered to them shall be first applied to the payment of the oldest balance on beer, wine, or distilled spirits. All checks received for such payments shall be deposited for collection not later than the second business day following receipt of said check. A promissory note, postdated check, or check dishonored on presentation shall not be deemed payment.

(e) In enacting the act that amends this section by adding this subdivision, the Legislature finds that it is necessary and proper to remove the retailer from financial or business obligations to suppliers or wholesalers by the extension of credit beyond the terms contained in this section. 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 shall be construed accordingly.

(f) This section shall remain in effect only until January 1, 2026, and as of that date is repealed.

(Amended by Stats. 2024, Ch. 426, Sec. 1. (AB 2991) Effective January 1, 2025. Repealed as of January 1, 2026, by its own provisions. See later operative version as added by Sec. 2 of Stats. 2024, Ch. 426.)

25509. (a) A distilled spirits manufacturer, a brandy manufacturer, a beer manufacturer, a winegrower, a wine blender, a distilled spirits rectifier, a wine rectifier, a distilled spirits wholesaler, or a beer and wine wholesaler who sold and delivered beer, wine, or distilled spirits to a retailer and who did not receive payment for that beer, wine, or distilled spirits by the expiration of the 42nd day from date of delivery shall charge the retailer 1 percent of the unpaid balance for that beer, wine, and distilled spirits on the 43rd day from date of delivery and an additional 1 percent for each 30 days thereafter.

(b) A distilled spirits manufacturer, a brandy manufacturer, a beer manufacturer, a winegrower, a wine blender, distilled spirits rectifier, a wine rectifier, distilled spirits wholesaler, or beer and wine wholesaler who sold and delivered beer, wine, or distilled spirits to a retailer and who did not receive payment in full by the expiration of the 30th day from date of delivery or who has not received payment of the 1 percent charge at the expiration of the 30th day from the day the charge became due shall thereafter sell beer, wine, or distilled spirits to that retailer by receiving payment in advance of delivery until such time as all payments are received for the beer, wine, or distilled spirits sold and delivered to the said retailer more than 30 days previously.

(c) The 42-day period and the 30-day period provided for in this section shall commence with the day immediately following the date of invoice and shall include all successive days including Sundays and holidays to and including the 42nd or 30th day as the case may be. When the 42nd day from date of invoice or the expiration of each additional 30-day period falls on Saturday, Sunday, or legal holiday, the next business day shall be deemed to be the expiration day.

(d) All moneys received from a retailer in payment for any beer, wine, or distilled spirits sold and delivered to them shall be first applied to the payment of the oldest balance on beer, wine, or distilled spirits. All checks received for such payments shall be deposited for collection not later than the second business day following receipt of said check. A promissory note, postdated check, or check dishonored on presentation shall not be deemed payment.

(e) In enacting the act that amends this section by adding this subdivision, the Legislature finds that it is necessary and proper to remove the retailer from financial or business obligations to suppliers or wholesalers by the extension of credit beyond the terms contained in this section. 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 shall be construed accordingly.

(f) This section shall become operative on January 1, 2026.

(Repealed (in Sec. 1) and added by Stats. 2024, Ch. 426, Sec. 2. (AB 2991) Effective January 1, 2025. Operative January 1, 2026, by its own provisions.)

25509.1. (a) Commencing January 1, 2026, and except as provided in subdivision (b) and paragraph (3) of subdivision (c), payment from a retailer licensee to a wholesaler licensee for delivery of beer, wine, or distilled spirits shall be made by electronic funds transfer in accordance with the following requirements:

(1) The wholesaler licensee shall initiate the electronic funds transfer by initiating the withdrawal of funds from the retailer licensee's bank account.

(2) The electronic funds transfer shall occur by the expiration of the 30th day from the date of delivery of the beer, wine, or distilled spirits.

(3) Any costs related to electronic payment services shall be paid by the party that incurred those costs.

(A) Any service fees related to electronic payment transactions shall be applied in an equitable manner to each subscribing wholesaler and retailer and shall justifiably match the services they receive from the electronic payment service provider.

(B) The wholesaler shall not pay, directly or indirectly, for electronic payment service fees incurred by a retailer.

(C) The retailer shall not pay, directly or indirectly, for electronic payment service fees incurred by a wholesaler.

(b) A payment may be made using cash, check, or money order only in the following instances:

(1) If accepting payment following an electronic funds transfer of insufficient funds.

(2) If the retailer licensee holds an interim operating permit pursuant to Section 24044.5 or a temporary permit pursuant to Section 24045.5.

(3) During temporary service interruption of the third-party payment processor.

(4) During the first 30 days following the issuance of a license to the retailer licensee.

(c) (1) To maintain control of its ability to receive payment for delivery, a wholesaler licensee shall be responsible for selecting the third-party payment processor used to facilitate an electronic funds transfer pursuant to this section. The wholesaler and retailer may agree on the third-party payment processor. If the parties are unable to agree, the parties shall use the third-party payment processor used by the retailer as of July 1, 2025, to pay for wholesale alcohol purchases. If by July 1, 2025, the retailer does not use a third-party payment processor, the parties shall use the third-party payment processor selected by the wholesaler.

(2) A wholesaler licensee shall not select a third-party payment processor that does not meet the requirements of this section or that requires more than 30 days' notice from the wholesaler licensee to terminate the processor's agreement with the wholesaler licensee.

(3) Notwithstanding subdivision (a), a wholesaler may choose to accept credit card payments. If payment is made using a credit card, the retailer shall bear the cost of the transaction, so as to mitigate the value of secondary benefits realized by the retailer using the credit card.

(d) A retailer shall not accept a rebate, incentive, or other thing of value from a third-party payment processor for a payment made pursuant to this section.

(e) For purposes of this section, "electronic funds transfer" or "EFT" means the electronic transfer of money from one bank account to another, either within a single financial institution or across multiple institutions, via computer-based systems.

(Added by Stats. 2024, Ch. 426, Sec. 3. (AB 2991) Effective January 1, 2025.)

25510. Notwithstanding any other provision of this chapter, a manufacturer may furnish to a licensed wholesaler, and a licensed wholesaler or manufacturer may furnish to an on-sale licensee, only the following specified items of alcoholic beverage tapping equipment: kegs, tapping heads, air lines, alcoholic beverage lines, clamps, washers, coupling devices, rods, vents, valves, keg spacers, and filters for an initial installation in a new on-sale licensed account or for a changeover of equipment from one tapping system to another. A supplier may service, repair, and replace the above-specified items of alcoholic beverage tapping equipment as necessary. This section shall not permit a supplier to furnish or repair alcoholic beverage equipment not specified in this section to an on-sale licensee. Alcoholic beverage tapping equipment furnished by a supplier shall remain the property of the supplier.

(Amended by Stats. 2004, Ch. 604, Sec. 1. Effective January 1, 2005.)

25511. Notwithstanding any other provision of this division, a manufacturer or wholesaler, or any officer, director, or agent of any of those persons may furnish, give, rent, lend, or sell, directly or indirectly, any equipment, fixtures, or supplies, other than alcoholic beverages, to a retailer whose equipment, fixtures, or supplies were lost or damaged as a result of a natural disaster and whose premises are located in an area proclaimed to be in a state of disaster by the Governor.

This section does not apply to transactions that occur three months or more after the Governor proclaims an area to be in a state of disaster.

Nothing in this section is intended to affect or otherwise limit Section 23104.1, 23104.2, or 23104.3.

(Amended by Stats. 2012, Ch. 367, Sec. 2. (AB 573) Effective January 1, 2013.)

25512. (a) Notwithstanding any other provision of this division, any licensee or officer, director, employee, or agent of a licensee that holds no more than eight on-sale licenses may also hold not more than 16.67 percent of the stock of a corporation that holds a Type 01 or Type 23 beer manufacturer license as specified in subdivision (b) of Section 23320 that are located in Sacramento, Placer, Contra Costa, San Joaquin, or Napa County, and may serve on the board of directors and as an officer or employee of that corporate licensed beer manufacturer.

(b) An on-sale licensee specified in subdivision (a) shall purchase no alcoholic beverages for sale in this state other than from a licensed wholesaler or winegrower.

(c) In enacting this section, 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-house interests must be limited to its expressed terms so as not to undermine the general prohibition, and intends that this section be construed accordingly.

(Amended by Stats. 2019, Ch. 29, Sec. 69. (SB 82) Effective June 27, 2019.)