

Date of Hearing: May 19, 2021

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

AB 1589 (Committee on Governmental Organization) – As Introduced March 17, 2021

Policy Committee: Governmental Organization

Vote: 21 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill clarifies that a licensed retailer is not obligated to buy or sell the alcoholic beverage products of a distilled spirits wholesaler, when the distilled spirits wholesaler is purchasing market research data from the licensed retailer. Under existing law, violation of a Department of Alcoholic Beverage Control (ABC) license provision, which this bill expands, is a crime.

FISCAL EFFECT:

Absorbable costs to ABC.

COMMENTS:

- 1) **Purpose.** This bill is an omnibus measure from the Assembly Committee on Governmental Organization that makes minor, non-controversial changes to statute. According to the author, this bill aims to fix an oversight in current law prohibiting a licensed retailer from being obligated to buy or sell the alcoholic beverages of a manufacturer, winegrower, rectifier or distiller that is purchasing market research from the licensed retailer. This bill adds a distilled spirits wholesaler to the list of licensees to which a licensed retailer is not obligated.
- 2) **Tied-House Law.** California's tied-house law prevents the vertical integration of the alcohol industry by keeping the manufacturer, wholesaler and retailer separated. Generally, one type of license holder is not permitted to do business as another type of licensee, and licensees are prohibited from directly or indirectly giving away anything of value in connection with the sale or distribution of an alcoholic beverage. The Legislature has enacted numerous exceptions to tied-house restrictions under specific circumstances, after determining that each exception does not outweigh public interest.

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