

This bill is supported by alcohol manufacturer associations and the Insights Association.

- 2) **Background. *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, such as free goods, services, or advertising, in connection with the sale or distribution of an alcoholic beverage. Over the years, numerous exceptions to this tied-house prohibition have been enacted to authorize licensees to undertake otherwise prohibited activities.

Alcohol Tastings. Existing law allows certain ABC licensee entities to provide limited alcohol tastings to consumers to promote a product or brand. These tastings generally take place at the premises of an on-sale retail licensee, such as a bar or restaurant. The tasting must be sponsored by the alcohol supplier or brand, not the retailer, conducted by a properly trained representative of the sponsoring licensee, and be for the purpose of educating consumers about the product's quality and characteristics. The tasting is also subject to strict per-serving and per-day limits. Existing law also allows certain ABC manufacturer licensees to conduct their own on-site tastings at their places of production. These tastings may be offered for free or charge, following specific rules for each license type. This bill authorizes and establishes rules for another type of alcohol tasting, allowing certain manufacturer licensees to conduct sensory tastings of the licensee's product as part of a bona fide market research study.

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