CONCURRENCE IN SENATE AMENDMENTS
AB 744 (Michelle Rodriguez)
As Amended August 12, 2026
Majority vote

SUMMARY

This bill would expand an exception in in Alcoholic Beverage Control Act (Act) to instead limit the current exception to beer and brands of distilled spirits or wine in containers not exceeding 500 milliliters of volume, as specified. Under current law, licensees are authorized to perform certain services for off-sale licensees, including rotating and rearranging brands of distilled spirits and wine in single-serve containers owned or sold by the licensee. For these purposes, current law defines ″single-serve containers″ to mean containers of distilled spirits and wine that have a standard fill of a maximum of 355 milliliters, or approximately 12 fluid ounces.

Senate Amendments

1) Expand a current exception in the Act that allows licensees to perform specified services for off-sale licensees to instead limit the exception to beer and to brands of distilled spirits or wine in containers not exceeding 500 milliliters in volume, whether sold individually or in multiple container packages, that are intended to be consumed without mixing with any other substance, as specified.

2) Makes technical and clarifying changes.

COMMENTS

Background.

Tied-house Laws. Tied-house laws. State and federal laws generally prohibit certain relationships among those who produce, distribute, and sell alcoholic beverages. The term ″Tied-house″ is derived from a common practice in England whereby a bar or public house was ″tied″—by ownership, contractual obligations, or other influences—to a specific manufacturer. In some instances, that model encouraged intemperance in alcohol consumption. This was because retailers would offer manufacturers generous favors, such as expensive business meals and gifts. In order to recoup these costs, aggressive product promotion was needed. Manufacturers sometimes used their influence to force tied houses to sell their products and exclude products from other manufacturers.

As a result, after the repeal of prohibition in 1933, California′s current ″three-tier″ system was introduced. This body of law was initially created to: a) promote the state′s interest in an orderly market; b) prohibit vertical integration and dominance by a single producer in the market place; c) stop commercial bribery and safeguard the public from predatory marketing techniques; d) discourage and/or prevent intemperate drinking. These provisions prohibit a manufacturer from paying for advertising space at any facility where the facility is licensed to sell alcoholic beverages.

Current Exception. Existing law generally prohibits manufacturers, winegrowers, and distributors from providing anything of value, including services to retail licensees. However, current law does allow a licensee to perform services for off-sale licensees by rotating the brand or brands that are owned or sold by the licensee performing the service on shelves and in refrigerated boxes, as specified.

In addition, existing law creates a tied-house exception for rearranging brands, including on floor displays, among other actions with the licensee′s permission. In 2021, AB 1149 (Villapudua, Chapter 271) was signed into law which expanded upon this exception to also apply to brands of distilled spirits and wine in single-serve containers for the purpose of stocking, rotating, displaying, and merchandising the product by specified distributor licensees at off-sale retail outlets. The bill defined ″single-serve containers″ to mean containers that have a standard fill, as defined by federal law, of between 50 and 355 milliliters of distilled spirits and between 187 and 355 milliliters for wine.

According to the Author
According to the author′s office, ″California′s alcohol beverage marketplace has evolved significantly in recent years, with consumers increasingly purchasing wine in alternative package formats designed for individual consumption. However, California law continues to define ′single serve′ wine and spirits containers as one containing between 187 milliliters and 355 milliliters, a standard that no longer reflects many products available in today′s market. As a result, wine and spirits products packaged in containers larger than 355 milliliters but intended for single-person consumption and that are ready to drink products are excluded from existing merchandising exceptions available under California′s tied-house laws. This creates unnecessary operational challenges for retailers and suppliers and treats substantially similar products differently based solely on package size.″

Arguments in Support
According to the California Family Beer Distributors, ″California retailers today sell a growing variety of ready-to-drink wine and spirits products packaged in cans, cartons, and other innovative formats. Many of these products are packaged and marketed in formats comparable to products already covered under current law but fall outside the existing statutory threshold solely because of container size. As a result, suppliers may merchandise a qualifying 355 mL product but are prohibited from providing the same service for comparable products packaged in 375 mL or 500 mL containers (sizes that are authorized by state and federal law). This inconsistency creates unnecessary operational challenges for retailers and wholesalers without advancing any policy objective.″

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Senate Committee on Appropriations, pursuant to Senate Rule 28.8, negligible state costs.

VOTES:

ASM GOVERNMENTAL ORGANIZATION: 21-0-1
YES: Blanca Rubio, Davies, Alvarez, Berman, Bryan, DeMaio, Dixon, Fong, Gabriel, Gipson, McKinnor, Nguyen, Pacheco, Ramos, Michelle Rodriguez, Sanchez, Solache, Soria, Ta, Valencia, Wallis
ABS, ABST OR NV: Carrillo

ASM APPROPRIATIONS: 14-0-1
YES: Wicks, Sanchez, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Hart, Pacheco, Solache, Ta, Alanis
ABS, ABST OR NV: Pellerin

ASSEMBLY FLOOR: 69-0-10
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Bonta, Bryan, Calderon, Caloza, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Fong, Gabriel, Garcia, Gipson, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Ward, Wicks, Wilson, Zbur, Rivas
ABS, ABST OR NV: Arambula, Boerner, Carrillo, Flora, Gallagher, Jeff Gonzalez, Irwin, Celeste Rodriguez, Sanchez, Wallis

SENATE FLOOR: 40-0-0
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

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