
THIRD READING

Bill No: SB 1195
Author: Rubio (D)
Amended: 4/6/26
Vote: 21

SENATE GOVERNMENTAL ORG. COMMITTEE: 15-0, 4/14/26

AYES: Rubio, Alvarado-Gil, Archuleta, Ashby, Blakespear, Cervantes, Choi, Dahle, Hurtado, Ochoa Bogh, Padilla, Richardson, Smallwood-Cuevas, Wahab, Weber Pierson

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SUBJECT: Tied-house exceptions: advertising: Counties of Los Angeles, San Bernardino, and San Diego

SOURCE: Author

DIGEST: This bill authorizes specified alcoholic beverage licensees to purchase advertising space and time from, or on behalf of, an on-sale licensee that is the owner, manager, or major tenant at 11 specified facilities in southern California, as specified.

ANALYSIS:

Existing law:

- 1) Establishes the Department of Alcoholic Beverage Control (ABC) and grants it exclusive authority to administer the provisions of the ABC Act in accordance with laws enacted by the Legislature. This involves licensing individuals and businesses associated with the manufacture, importation, and sale of alcoholic beverages and the collection of license fees for this purpose.
- 2) Separates the alcoholic beverage industry into three component parts, or tiers, of the manufacturer (including breweries, wineries, and distilleries), wholesaler,

and retailer (both on-sale and off-sale). This is referred to as the “tied-house” law or “three-tier” system. Generally, other than exceptions granted by the Legislature, the holder of one type of license is not permitted to do business as another type of licensee within the “three-tier” system.

- 3) Prohibits, in general, a manufacturer, winegrower, manufacturer's agent, rectifier, distiller, bottler, importer, or wholesaler, or any officer, director or agent of any such person from owning, directly or indirectly, any interest in any on-sale license.
- 4) Prohibits, in general, a manufacturer, winegrower, distiller, bottler, or wholesaler, among other licensees, or agents of these licensees, from paying a retailer for advertising.
- 5) Provides a variety of exceptions from the advertising prohibition, including permitting specified licensees to purchase advertising space and time from, or on behalf of, an on-sale retail licensee that is an owner, manager, or major tenant of certain stadiums, parks, entertainment complexes, and arenas, subject to specified conditions.

This bill:

- 1) Authorizes a beer manufacturer, the holder of a winegrower’s license, a rectifier, a craft distiller, a distilled spirits manufacturer’s agency to purchase advertising space and time from, or on behalf of, an on-sale retail licensee subject to various conditions at 11 specified locations.
- 2) Makes legislative findings and declarations as to the necessity of a special statute, as specified.

Background

Author Statement. According to the author’s office, “currently, the Legislature has recognized that certain venues, such as stadiums, arenas, and entertainment complexes operate under unique business models that rely on sponsorship and advertising partnerships to support operations and events. For that reason, California law already includes numerous statutory exceptions allowing specified venues to enter into these types of arrangements. SB 1195 continues that well-established approach by authorizing alcoholic beverage licensees to purchase advertising space and time from, or on behalf of, an on-sale licensee that is the

owner, manager, or major tenant at specified facilities in Los Angeles, San Bernardino, and San Diego.”

Further, “this bill does not create a new policy concept. Rather, it extends an existing and familiar exception to additional venues that are similarly situated to many others already granted this authority under state law. SB 1195 promotes consistency, fairness, and economic opportunity for these facilities while preserving the core protections of California’s Tied-House laws. This bill will grant additional opportunities for local economic development in SD 22 as well as other key locations across the state.”

Tied-House Laws. Tied-house laws generally prohibit suppliers and retailers from sharing common owners and legally restrict alcohol beverage suppliers’ ability to gain control over retailers through indirect means. The original policy rationale for this body of law was to: (1) promote the state’s interest in an orderly market; (2) prohibit the vertical integration and dominance by a single producer in the marketplace; (3) prohibit commercial bribery and to protect the public from predatory marketing practices; and (4) discourage and/or prevent the intemperate use of alcoholic beverages.

These provisions prohibit a manufacturer from paying for advertising space at any facility where the facility is licensed to sell alcoholic beverages. Over the years, numerous exceptions to this prohibition have been added to a number of stadiums, parks, entertainment complexes, and arenas. Some examples are Levi’s Stadium in Santa Clara, Oakland Coliseum in Oakland, Honda Center in Anaheim, Kern County Arena in Bakersfield, the National Orange Show Events Center in San Bernardino, Auto Club Speedway, (formerly California Speedway) in Fontana, Grizzly Stadium in Fresno, Sutter Health Park in West Sacramento, SAP Center in San Jose, Dignity Health in Carson, and numerous other venues.

Current Safeguards. Tied-house advertising exception bills – such as this bill – generally include a consistent set of safeguards designed to prevent alcohol manufacturers and wholesalers from exerting undue influence over retailers. These bills typically limit any exception to narrowly defined, venue-specific, such as stadiums, arenas, or fairgrounds. A core safeguard is that any permitted advertising must be tied directly to events occurring at the venue, rather than general promotion of the retailer, and is frequently restricted to certain types of events like sports or entertainment. Placement of restrictions are also common ensuring that advertising does not appear inside unrelated licensed premises – such

as bars or restaurants within a larger complex – and is instead confined to approved areas like the venue itself.

In addition, these bills usually require that retailers continue to offer competing brands, preventing exclusive arrangements that could distort market competition. Advertising agreements must be conducted in accordance with written contracts, promoting transparency and enabling regulatory oversight. Anti-coercion provisions are another key feature, making clear that retailers cannot require or pressure suppliers to purchase advertising, with violations subject to criminal penalties. Overall, these safeguards reflect an effort to allow for modern advertising practices while maintaining the core protections of California’s tied-house laws.

Related/Prior Legislation

SB 392 (Bradford, Chapter 604, Statutes of 2023) authorizes specified licensees to purchase advertising space and time from, or on behalf of, an on-sale licensee that is the owner, manager, or major tenant of a fully enclosed arena with a seating capacity of at least 18,000 seats located in the City of Inglewood (Intuit Dome), as specified.

AB 840 (Addis, Chapter 346, Statutes of 2023) authorizes specified licensees to purchase advertising space and time from, or on behalf of, an on-sale licensee that is the owner, manager, or major tenants at various facilities that are situated on California State University campuses located in the Counties of San Luis Obispo, Fresno, Monterey, Orange, Santa Clara, and Los Angeles, as specified.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee, staff notes that the Department of ABC’s activities are funded by regulatory and license fees and generally the department does not receive support from the General Fund. New legislative mandates, although modest in scope, may in totality create new cost pressures and impact the department’s operating costs and future budget requests.

SUPPORT: (Verified 4/27/26)

California Travel Association
City of Ontario
Ontario Convention Center
ONT Field

Toyota Arena

OPPOSITION: (Verified 4/27/26)

Alcohol Justice

California Alcohol Policy Alliance

California Craft Brewers Association

California Council on Alcohol Problems

ARGUMENTS IN SUPPORT: According to the City of Ontario, “this measure is especially important for the City of Ontario. The city is home to a growing cluster of regional destinations, including a large-scale arena, convention center, and newly developed minor league ballpark. These venues collectively serve hundreds of thousands of visitors each year and play a central role in driving tourism, economic activity, and job creation throughout the Inland Empire. However, current restrictions limit their ability to fully participate in sponsorship markets that are commonly available to comparable facilities elsewhere in the state. By modernizing these restrictions in a limited and thoughtful way, SB 1195 will support local economic development, enhance regional entertainment infrastructure, and provide Ontario’s publicly supported venues with tools already available to their counterparts across California.”

ARGUMENTS IN OPPOSITION: According to Alcohol Justice, “knowing how vulnerable young Californians are to the most cynical of advertising strategies, efforts to prop up venues by selling alcohol ads are essentially auctioning off kids’ lifelong health outcomes. In light of that, and the outsized alcohol harm currently threatening the state, there needs to be a moratorium on ad hoc exemptions, including the ones sought in this bill. In fact, it would provide extensive benefits were the ones already granted to be, cautiously and with advanced warning for the operators affected, reversed.”

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