

platforms like Instagram, TikTok, and Facebook now overwhelmingly favor video content, leaving California vintners at a growing disadvantage in reaching their own customers.

- 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.

Instructional Events. Existing law authorizes certain ABC manufacturer and wholesale licensees to conduct certain instructional activities, including tastings, regarding the licensee’s alcoholic beverages at a licensed retailer’s premises. Existing law authorizes an advertisement for such an event to include limited information and images of the host retailer’s premises, personnel, and customers if the content is relatively inconspicuous within an overall advertisement and prohibits the use of video in such an advertisement. This bill repeals these limitations and authorizes such an advertisement to include a 60-second video.

- 3) **Support and Opposition.** This bill is supported by beer and wine associations, with the Napa Valley Vintners arguing, “a winery attempting to promote a legally permitted consumer event through static images and text is operating at a severe and growing disadvantage compared to what the platforms’ own design rewards.”

This bill is opposed by Alcohol Justice, which argues “allowing producers to create advertising on behalf of retailers would continue the process of cutting down those protections” essential for “limiting runaway marketing that ends up targeting the most vulnerable.”

- 4) **Related Legislation.** AB 1991 (Aguiar-Curry) authorizes certain ABC licensees to furnish tastes of alcoholic beverages as part of a bona fide market research study undertaken by the licensee to measure consumer perceptions of the licensee’s alcoholic beverage. AB 1991 is pending hearing in the Senate Governmental Organization Committee.

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