



INDUSTRY ADVISORY

Retailer and Non-Retail Involvement in Non-Profit Events **A Summary of Recently-Enacted AB 776 (Cooper)**

Beginning on January 1, 2016, new provisions in the ABC Act will allow greater interaction and cooperation between retail and non-retail licensees in connection with events held by nonprofit organizations. Newly-enacted section 23355.3 provides an exception to tied-house restrictions that generally limit the involvement of both retail and non-retail licensees in such events.

This provision provides that both retail and non-retail licensees may sponsor and participate in an event conducted by, and for the benefit of, a nonprofit organization subject to the following conditions:

1. Except as otherwise provided in Section 23355.3, any payment of money or other consideration for sponsorship or participation in the event shall be made only to the nonprofit organization conducting the event.
2. Except as otherwise provided in Section 23355.3, a nonretail licensee shall not, directly or indirectly, pay money or provide any other thing of value to a permanent retail licensee that is also a sponsor of, or participant in, the event.
3. Non-retail licensees may donate alcoholic beverages to a nonprofit organization only as otherwise provided by Section 25503.9.
4. Except as otherwise provided in the ABC Act, a retail licensee shall not give, sell, or furnish any alcoholic beverages to the temporary licensee (the nonprofit organization holding the license for the event).
5. Various levels of sponsorship can be established and a non-retail or retail licensee may choose to participate at any sponsorship level it wishes, including as a name or principal sponsor. The nonprofit organization may choose to have one or more than one principal or name sponsor.
6. A non-retail licensee may advertise or communicate sponsorship or participation in the event. This includes identifying both retail and non-retail licensees that are sponsoring or participating, and also allows for the posting or re-posting of social media advertisements or communications. For purposes of this provision "social media" is specifically defined as follows: "a service, platform, application, or site where users communicate and share media, such as pictures, videos, music, and blogs, with other users."
7. Any advertisement or communication by a non-retail licensee that includes identifying a retail licensee's sponsorship or promotion shall not include the retail price of any alcoholic beverage or otherwise promote the retail licensee beyond its sponsorship or participation in the event.
8. A non-retail licensee shall not pay or reimburse a permanent retail licensee, directly or indirectly, for any advertising services, including by way of social media, nor shall any

permanent retail licensee accept any payment or reimbursement, directly or indirectly, for any advertising services offered by a non-retail licensee.

9. A non-retail licensee shall not require, directly or indirectly, as a condition of sponsorship that its products be sold or served exclusively at the event.
10. No permanent retail licensee shall offer or provide a non-retail licensee any advertising, sale, or promotional benefit in connection with the sponsorship or participation.
11. No non-retail licensee may pay, in whole or in part, any costs of any retail licensee that is sponsoring or participating in the event.
12. Licensees involved in sponsoring or participating in such events shall keep detailed records of such sponsorship or participation, and shall maintain the records for at least three years.