



## OFFICE OF THE GOVERNOR

OCT 07 2021

To the Members of the California State Assembly:

I am returning Assembly Bill 1070 without my signature.

This bill would authorize distilled spirits manufacturers and other distilled spirits licensees to annually gift up to 12 outdoor patio retail advertising umbrellas, individually valued at no more than \$150, to every on-sale retail licensed location.

This would increase alcohol signage and advertisements in public areas and disadvantage small alcohol manufacturers that cannot compete with the marketing budgets of multibillion dollar corporations.

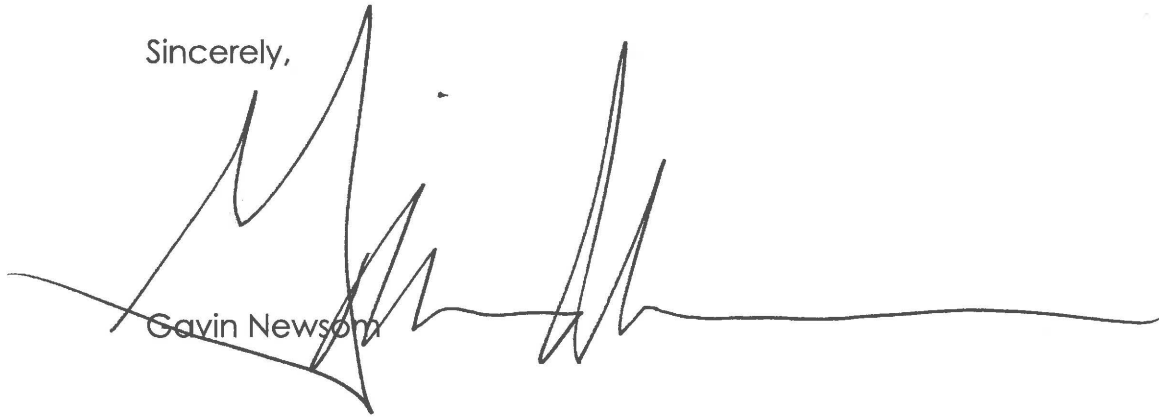
Ostensibly, this bill is about assisting businesses impacted by the COVID-19 pandemic. Yet I believe there are other, more suitable strategies for assisting impacted businesses than allowing economic arrangements that create a competitive disadvantage for small manufacturers. My Administration has taken a number of steps to support our small business community and offer pandemic relief, including providing temporary regulatory flexibility, allowing outdoor expansions, and waiving license renewal fees.

Two years ago, I signed AB 1133 (Chapter 623, Statutes of 2019) to initiate a pilot project allowing beer manufacturers to annually gift up to five cases of glassware to on-sale retail licensed locations. This pilot is still underway through January 1, 2023, and, as such, we have not yet had the opportunity to



sufficiently assess its impacts. It is premature to propose another similar exception to tied-house laws until the pilot project can be properly evaluated. For these reasons, I am returning this bill.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gavin Newsom', written over a horizontal line. The signature is stylized and somewhat illegible due to the cursive nature of the handwriting.

Gavin Newsom