
SUBSTITUTE SENATE BILL 6748

State of Washington

54th Legislature

1996 Regular Session

By Senate Committee on Labor, Commerce & Trade (originally sponsored by Senators Heavey and Deccio)

Read first time 02/02/96.

1 AN ACT Relating to providing limited circumstances under which a
2 qualifying manufacturer that is a public company may have an indirect
3 interest in property on which a retail liquor licensed premises is
4 located; and amending RCW 66.28.010.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 66.28.010 and 1994 c 63 s 1 are each amended to read
7 as follows:

8 (1) No manufacturer, importer, or wholesaler, or person financially
9 interested, directly or indirectly, in such business, whether resident
10 or nonresident, shall have any financial interest, direct or indirect,
11 in any licensed retail business((~~7~~))i nor shall any manufacturer,
12 importer, or wholesaler own any of the property upon which such
13 licensed persons conduct their business((~~7~~))i nor shall any such
14 licensed person, under any arrangement whatsoever, conduct his or her
15 business upon property in which any manufacturer, importer, or
16 wholesaler has any interest unless title to that property is owned by
17 a corporation in which a manufacturer has no direct stock ownership and
18 there are no interlocking officers or directors, the retail license is
19 held by an independent concessionaire which is not owned directly or

1 indirectly by the manufacturer or property owner, the sales of liquor
2 are incidental to the primary activity of operating the property as an
3 amphitheater offering live musical and similar live entertainment
4 activities to the public, alcoholic beverages produced by the
5 manufacturer are not sold at the licensed premises, and the board
6 reviews the ownership and proposed method of operation of all involved
7 entities and determines that there will not be an unacceptable level of
8 control or undue influence over the operation of the retail licensee.
9 Except as provided in subsection (3) of this section, no manufacturer,
10 importer, or wholesaler shall advance moneys or moneys' worth to a
11 licensed person under an arrangement, nor shall such licensed person
12 receive, under an arrangement, an advance of moneys or moneys' worth:
13 PROVIDED, That "person" as used in this section only shall not include
14 those state or federally chartered banks, state or federally chartered
15 savings and loan associations, state or federally chartered mutual
16 savings banks, or institutional investors which are not controlled
17 directly or indirectly by a manufacturer, importer, or wholesaler as
18 long as the bank, savings and loan association, or institutional
19 investor does not influence or attempt to influence the purchasing
20 practices of the retailer with respect to alcoholic beverages. No
21 manufacturer, importer, or wholesaler shall be eligible to receive or
22 hold a retail license under this title, nor shall such manufacturer,
23 importer, or wholesaler sell at retail any liquor as herein defined:
24 PROVIDED, That nothing in this section shall prohibit a licensed brewer
25 from being licensed as a retailer pursuant to chapter 66.24 RCW for the
26 purpose of selling beer or wine at retail on the brewery premises and
27 nothing in this section shall prohibit a domestic winery from being
28 licensed as a retailer pursuant to chapter 66.24 RCW for the purpose of
29 selling beer or wine at retail on the winery premises. Such beer and
30 wine so sold at retail shall be subject to the taxes imposed by RCW
31 66.24.290 and 66.24.210 and to reporting and bonding requirements as
32 prescribed by regulations adopted by the board pursuant to chapter
33 34.05 RCW, and beer and wine that is not produced by the brewery or
34 winery shall be purchased from a licensed beer or wine wholesaler:
35 PROVIDED FURTHER, That nothing in this section shall prohibit a
36 licensed brewer or domestic winery, or a lessee of a licensed brewer or
37 domestic winery, from being licensed as a class H restaurant pursuant
38 to chapter 66.24 RCW for the purpose of selling liquor at a class H
39 premises on the property on which the primary manufacturing facility of

1 the licensed brewer or domestic winery is located or on contiguous
2 property owned by the licensed brewer or domestic winery as prescribed
3 by regulations adopted by the board pursuant to chapter 34.05 RCW.

4 (2) Financial interest, direct or indirect, as used in this
5 section, shall include any interest, whether by stock ownership,
6 mortgage, lien, or through interlocking directors, or otherwise.
7 Pursuant to rules promulgated by the board in accordance with chapter
8 34.05 RCW manufacturers, wholesalers and importers may perform, and
9 retailers may accept the service of building, rotating and restocking
10 case displays and stock room inventories; rotating and rearranging can
11 and bottle displays of their own products; provide point of sale
12 material and brand signs; price case goods of their own brands; and
13 perform such similar normal business services as the board may by
14 regulation prescribe.

15 (3)(a) This section does not prohibit a manufacturer, importer, or
16 wholesaler from providing services to a class G or J retail licensee
17 for: (i) Installation of draft beer dispensing equipment or
18 advertising, (ii) advertising, pouring or dispensing of beer or wine at
19 a beer or wine tasting exhibition or judging event, or (iii) a class G
20 or J retail licensee from receiving any such services as may be
21 provided by a manufacturer, importer, or wholesaler: PROVIDED, That
22 nothing in this section shall prohibit a retail licensee, or any person
23 financially interested, directly or indirectly, in such a retail
24 licensee from having a financial interest, direct or indirect, in a
25 business which provides, for a compensation commensurate in value to
26 the services provided, bottling, canning or other services to a
27 manufacturer, so long as the retail licensee or person interested
28 therein has no direct financial interest in or control of said
29 manufacturer.

30 (b) A person holding contractual rights to payment from selling a
31 liquor wholesaler's business and transferring the license shall not be
32 deemed to have a financial interest under this section if the person
33 (i) lacks any ownership in or control of the wholesaler, (ii) is not
34 employed by the wholesaler, and (iii) does not influence or attempt to
35 influence liquor purchases by retail liquor licensees from the
36 wholesaler.

37 (c) The board shall adopt such rules as are deemed necessary to
38 carry out the purposes and provisions of subsection (3)(a) of this

1 section in accordance with the administrative procedure act, chapter
2 34.05 RCW.

3 (4) A license issued under RCW 66.24.395 does not constitute a
4 retail license for the purposes of this section.

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