

2
3 SSB 6648 - S AMD - 783
4 By Senators Schow and Heavey

5 ADOPTED 2/17/98

6 Strike everything after the enacting clause and insert the
7 following:

8 "Sec. 1. RCW 66.28.010 and 1997 c 321 s 46 are each amended to
9 read as follows:

10 (1)(a) No manufacturer, importer, or distributor, or person
11 financially interested, directly or indirectly, in such business;
12 whether resident or nonresident, shall have any financial interest,
13 direct or indirect, in any licensed retail business, unless the retail
14 business is owned by a corporation in which a manufacturer or importer
15 has no direct stock ownership and there are no interlocking officers
16 and directors, the retail license is held by a corporation that is not
17 owned directly or indirectly by a manufacturer or importer, the sales
18 of liquor are incidental to the primary activity of operating the
19 property as a hotel, alcoholic beverages produced by the manufacturer
20 or importer or their subsidiaries are not sold at the licensed
21 premises, and the board reviews the ownership and proposed method of
22 operation of all involved entities and determines that there will not
23 be an unacceptable level of control or undue influence over the
24 operation or the retail licensee; nor shall any manufacturer, importer,
25 or distributor own any of the property upon which such licensed persons
26 conduct their business; nor shall any such licensed person, under any
27 arrangement whatsoever, conduct his or her business upon property in
28 which any manufacturer, importer, or distributor has any interest
29 unless title to that property is owned by a corporation in which a
30 manufacturer has no direct stock ownership and there are no
31 interlocking officers or directors, the retail license is held by ((an
32 independent concessionaire which)) a corporation that is not owned
33 directly or indirectly by the manufacturer ((or property owner)), the
34 sales of liquor are incidental to the primary activity of operating the
35 property either as a hotel or as an amphitheater offering live musical
36 and similar live entertainment activities to the public, alcoholic
37 beverages produced by the manufacturer or any of its subsidiaries are

1 not sold at the licensed premises, and the board reviews the ownership
2 and proposed method of operation of all involved entities and
3 determines that there will not be an unacceptable level of control or
4 undue influence over the operation of the retail licensee. Except as
5 provided in subsection (3) of this section, no manufacturer, importer,
6 or distributor shall advance moneys or moneys' worth to a licensed
7 person under an arrangement, nor shall such licensed person receive,
8 under an arrangement, an advance of moneys or moneys' worth. "Person"
9 as used in this section only shall not include those state or federally
10 chartered banks, state or federally chartered savings and loan
11 associations, state or federally chartered mutual savings banks, or
12 institutional investors which are not controlled directly or indirectly
13 by a manufacturer, importer, or distributor as long as the bank,
14 savings and loan association, or institutional investor does not
15 influence or attempt to influence the purchasing practices of the
16 retailer with respect to alcoholic beverages. No manufacturer,
17 importer, or distributor shall be eligible to receive or hold a retail
18 license under this title, nor shall such manufacturer, importer, or
19 distributor sell at retail any liquor as herein defined. A corporation
20 granted an exemption under this subsection may use debt instruments
21 issued in connection with financing construction or operations of its
22 facilities.

23 (b) Nothing in this section shall prohibit a licensed domestic
24 brewery or microbrewery from being licensed as a retailer pursuant to
25 chapter 66.24 RCW for the purpose of selling beer or wine at retail on
26 the brewery premises and nothing in this section shall prohibit a
27 domestic winery from being licensed as a retailer pursuant to chapter
28 66.24 RCW for the purpose of selling beer or wine at retail on the
29 winery premises. Such beer and wine so sold at retail shall be subject
30 to the taxes imposed by RCW 66.24.290 and 66.24.210 and to reporting
31 and bonding requirements as prescribed by regulations adopted by the
32 board pursuant to chapter 34.05 RCW, and beer and wine that is not
33 produced by the brewery or winery shall be purchased from a licensed
34 beer or wine distributor.

35 (c) Nothing in this section shall prohibit a licensed domestic
36 brewery, microbrewery, domestic winery, or a lessee of a licensed
37 domestic brewer, microbrewery, or domestic winery, from being licensed
38 as a full service restaurant pursuant to chapter 66.24 RCW for the
39 purpose of selling liquor at a full service restaurant premises on the

1 property on which the primary manufacturing facility of the licensed
2 domestic brewer, microbrewery, or domestic winery is located or on
3 contiguous property owned by the licensed domestic brewer,
4 microbrewery, or domestic winery as prescribed by rules adopted by the
5 board pursuant to chapter 34.05 RCW.

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

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

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

38 (c) The board shall adopt such rules as are deemed necessary to
39 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.

5 (5) A public house license issued under RCW 66.24.580 does not
6 violate the provisions of this section as to a retailer having an
7 interest directly or indirectly in a liquor-licensed manufacturer.

8 NEW SECTION. **Sec. 2.** This act takes effect July 1, 1998."

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12 On page 1, line 3 of the title, after "interest;" strike the
13 remainder of the title and insert "amending RCW 66.28.010; and
14 providing an effective date."

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