

2 SSB 6648 - S AMD - 743  
3 By Senators Schow and Heavey

4 PULLED 2/17/98

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

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

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

1 premises, and the board reviews the ownership and proposed method of  
2 operation of all involved entities and determines that there will not  
3 be an unacceptable level of control or undue influence over the  
4 operation of the retail licensee. Except as provided in subsection (3)  
5 of this section, no manufacturer, importer, or distributor shall  
6 advance moneys or moneys' worth to a licensed person under an  
7 arrangement, nor shall such licensed person receive, under an  
8 arrangement, an advance of moneys or moneys' worth. "Person" as used  
9 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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