

FINAL BILL REPORT

ESSB 6648

C 127 L 98

Synopsis as Enacted

Brief Description: Permitting licensing retail alcoholic beverages in which no manufacturers, importers, or wholesalers have an interest.

Sponsors: Senate Committee on Commerce & Labor (originally sponsored by Senators Schow, Newhouse, Horn and Heavey).

Senate Committee on Commerce & Labor

House Committee on Commerce & Labor

Background: Under Washington's tied house- law, alcohol wholesalers, manufacturers and importers are prohibited from engaging in the retail liquor business. Similarly, this prohibition extends to financial interests by these sectors in the retail activities of the liquor industry. The intent of these restrictions is to prevent inappropriate or coercive business practices among the various sectors of the liquor industry.

However, since these prohibitions were established in 1935, numerous exceptions have been provided under specific circumstances. These include: (1) state or federally chartered banks with financial interests; (2) on-site brewery and winery sales; (3) individuals selling a wholesale liquor business under contract; (4) firms operating an exploration cruise line; (5) individuals operating a brew-pub; and (6) individuals operating an amphitheater with live entertainment.

Summary: An additional exemption to the tied house- statute is provided to include a corporate entity with financial interests in retailing and wholesaling, manufacturing and importing liquor products, provided the corporate entity does not influence its related business activities or offers for sale any liquor products that are produced or distributed by a subsidiary. A corporation may use various methods of financing in connection with the construction or operation of its facilities.

Votes on Final Passage:

Senate	45	3
House	97	0

Effective: July 1, 1998