
HOUSE BILL 3013

State of Washington

55th Legislature

1998 Regular Session

By Representatives Honeyford and Hatfield

Read first time 01/27/98. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to permitting the licensing of retail alcoholic
2 beverage businesses in which no manufacturer, importer, or wholesaler
3 has a direct or indirect interest; amending RCW 66.28.010; and
4 providing an effective date.

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

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

8 (1)(a) No manufacturer, importer, or distributor, or person
9 financially interested, directly or indirectly, in such business;
10 whether resident or nonresident, shall have any financial interest,
11 direct or indirect, in any licensed retail business; nor shall any
12 manufacturer, importer, or distributor own any of the property upon
13 which such licensed persons conduct their business; 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 distributor 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 distributor 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 "Person" as used in this section only shall not include those state or
14 federally chartered banks, state or federally chartered savings and
15 loan associations, state or federally chartered mutual savings banks,
16 or institutional investors which are not controlled directly or
17 indirectly by a manufacturer, importer, or distributor as long as the
18 bank, savings and loan association, or institutional investor does not
19 influence or attempt to influence the purchasing practices of the
20 retailer with respect to alcoholic beverages. No manufacturer,
21 importer, or distributor shall be eligible to receive or hold a retail
22 license under this title, nor shall such manufacturer, importer, or
23 distributor sell at retail any liquor as herein defined.

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

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

1 purpose of selling liquor at a full service restaurant premises on the
2 property on which the primary manufacturing facility of the licensed
3 domestic brewer, microbrewery, or domestic winery is located or on
4 contiguous property owned by the licensed domestic brewer,
5 microbrewery, or domestic winery as prescribed by rules adopted by the
6 board pursuant to chapter 34.05 RCW.

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

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

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

1 (c) The board shall adopt such rules as are deemed necessary to
2 carry out the purposes and provisions of subsection (3)(a) of this
3 section in accordance with the administrative procedure act, chapter
4 34.05 RCW.

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

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

10 (6) This section does not prohibit the licensing of a retail
11 business that has no financial interest, direct or indirect, in a
12 manufacturer, importer, or wholesaler and in which no manufacturer,
13 importer, or wholesaler has a financial interest, direct or indirect,
14 notwithstanding the existence of any other entity that is not a
15 manufacturer, wholesaler, or importer, that may hold a financial
16 interest, direct or indirect, in the retail business and in a
17 manufacturer, importer, or wholesaler, if the board finds that the
18 other entity does not influence or attempt to influence liquor
19 purchases by the retail business from the manufacturer, importer, or
20 wholesaler. The board may, as a condition to issuing a license,
21 require the other entity to enter into an agreement with the board to
22 refrain from exercising or attempting to exercise influence over liquor
23 purchases made by the licensed retail business.

24 NEW SECTION. Sec. 2. This act takes effect July 1, 1998.

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