

---

**SUBSTITUTE SENATE BILL 6648**

---

**State of Washington**

**55th Legislature**

**1998 Regular Session**

**By** Senate Committee on Commerce & Labor (originally sponsored by Senators Schow, Newhouse, Horn and Heavey)

Read first time 02/06/98.

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~~) a corporation that is

1 not owned directly or indirectly by the manufacturer (~~or property~~  
2 ~~owner~~)), the sales of liquor are incidental to the primary activity of  
3 operating the property either as a hotel or as an amphitheater offering  
4 live musical and similar live entertainment activities to the public,  
5 alcoholic beverages produced by the manufacturer or any of its  
6 subsidiaries are not sold at the licensed premises, and the board  
7 reviews the ownership and proposed method of operation of all involved  
8 entities and determines that there will not be an unacceptable level of  
9 control or undue influence over the operation of the retail licensee.  
10 Except as provided in subsection (3) of this section, no manufacturer,  
11 importer, or distributor shall advance moneys or moneys' worth to a  
12 licensed person under an arrangement, nor shall such licensed person  
13 receive, under an arrangement, an advance of moneys or moneys' worth.  
14 "Person" as used in this section only shall not include those state or  
15 federally chartered banks, state or federally chartered savings and  
16 loan associations, state or federally chartered mutual savings banks,  
17 or institutional investors which are not controlled directly or  
18 indirectly by a manufacturer, importer, or distributor as long as the  
19 bank, savings and loan association, or institutional investor does not  
20 influence or attempt to influence the purchasing practices of the  
21 retailer with respect to alcoholic beverages. No manufacturer,  
22 importer, or distributor shall be eligible to receive or hold a retail  
23 license under this title, nor shall such manufacturer, importer, or  
24 distributor sell at retail any liquor as herein defined. A corporation  
25 granted an exemption under this subsection may, without limitation, use  
26 debt instruments issued in connection with financing construction or  
27 operations of its facilities.

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

1 (c) Nothing in this section shall prohibit a licensed domestic  
2 brewery, microbrewery, domestic winery, or a lessee of a licensed  
3 domestic brewer, microbrewery, or domestic winery, from being licensed  
4 as a full service restaurant pursuant to chapter 66.24 RCW for the  
5 purpose of selling liquor at a full service restaurant premises on the  
6 property on which the primary manufacturing facility of the licensed  
7 domestic brewer, microbrewery, or domestic winery is located or on  
8 contiguous property owned by the licensed domestic brewer,  
9 microbrewery, or domestic winery as prescribed by rules adopted by the  
10 board pursuant to chapter 34.05 RCW.

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

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

36 (b) A person holding contractual rights to payment from selling a  
37 liquor distributor's business and transferring the license shall not be  
38 deemed to have a financial interest under this section if the person  
39 (i) lacks any ownership in or control of the distributor, (ii) is not

1 employed by the distributor, and (iii) does not influence or attempt to  
2 influence liquor purchases by retail liquor licensees from the  
3 distributor.

4 (c) The board shall adopt such rules as are deemed necessary to  
5 carry out the purposes and provisions of subsection (3)(a) of this  
6 section in accordance with the administrative procedure act, chapter  
7 34.05 RCW.

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

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

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

--- END ---