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HOUSE BILL 2657

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State of Washington                      56th Legislature                      2000 Regular Session

By Representatives B. Chandler, Conway, Clements and Wood

Read first time 01/18/2000. Referred to Committee on Commerce & Labor.

1            AN ACT Relating to allowing a licensed distiller to hold a spirits,  
2 beer, and wine license; and reenacting and amending RCW 66.28.010.

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

4            **Sec. 1.** RCW 66.28.010 and 1998 c 127 s 1 and 1998 c 126 s 11 are  
5 each reenacted and amended to read as follows:

6            (1)(a) No manufacturer, importer, or distributor, or person  
7 financially interested, directly or indirectly, in such business;  
8 whether resident or nonresident, shall have any financial interest,  
9 direct or indirect, in any licensed retail business, unless the retail  
10 business is owned by a corporation in which a manufacturer or importer  
11 has no direct stock ownership and there are no interlocking officers  
12 and directors, the retail license is held by a corporation that is not  
13 owned directly or indirectly by a manufacturer or importer, the sales  
14 of liquor are incidental to the primary activity of operating the  
15 property as a hotel, alcoholic beverages produced by the manufacturer  
16 or importer or their subsidiaries are not sold at the licensed  
17 premises, and the board reviews the ownership and proposed method of  
18 operation of all involved entities and determines that there will not  
19 be an unacceptable level of control or undue influence over the

1 operation or the retail licensee; nor shall any manufacturer, importer,  
2 or distributor own any of the property upon which such licensed persons  
3 conduct their business; nor shall any such licensed person, under any  
4 arrangement whatsoever, conduct his or her business upon property in  
5 which any manufacturer, importer, or distributor has any interest  
6 unless title to that property is owned by a corporation in which a  
7 manufacturer has no direct stock ownership and there are no  
8 interlocking officers or directors, the retail license is held by a  
9 corporation that is not owned directly or indirectly by the  
10 manufacturer, the sales of liquor are incidental to the primary  
11 activity of operating the property either as a hotel or as an  
12 amphitheater offering live musical and similar live entertainment  
13 activities to the public, alcoholic beverages produced by the  
14 manufacturer or any of its subsidiaries are not sold at the licensed  
15 premises, and the board reviews the ownership and proposed method of  
16 operation of all involved entities and determines that there will not  
17 be an unacceptable level of control or undue influence over the  
18 operation of the retail licensee. Except as provided in subsection (3)  
19 of this section, no manufacturer, importer, or distributor shall  
20 advance moneys or moneys' worth to a licensed person under an  
21 arrangement, nor shall such licensed person receive, under an  
22 arrangement, an advance of moneys or moneys' worth. "Person" as used  
23 in this section only shall not include those state or federally  
24 chartered banks, state or federally chartered savings and loan  
25 associations, state or federally chartered mutual savings banks, or  
26 institutional investors which are not controlled directly or indirectly  
27 by a manufacturer, importer, or distributor as long as the bank,  
28 savings and loan association, or institutional investor does not  
29 influence or attempt to influence the purchasing practices of the  
30 retailer with respect to alcoholic beverages. Except as otherwise  
31 provided in this section, no manufacturer, importer, or distributor  
32 shall be eligible to receive or hold a retail license under this title,  
33 nor shall such manufacturer, importer, or distributor sell at retail  
34 any liquor as herein defined. A corporation granted an exemption under  
35 this subsection may use debt instruments issued in connection with  
36 financing construction or operations of its facilities.

37 (b) Nothing in this section shall prohibit a licensed domestic  
38 brewery or microbrewery from being licensed as a retailer pursuant to  
39 chapter 66.24 RCW for the purpose of selling beer or wine at retail on

1 the brewery premises and nothing in this section shall prohibit a  
2 domestic winery from being licensed as a retailer pursuant to chapter  
3 66.24 RCW for the purpose of selling beer or wine at retail on the  
4 winery premises. Such beer and wine so sold at retail shall be subject  
5 to the taxes imposed by RCW 66.24.290 and 66.24.210 and to reporting  
6 and bonding requirements as prescribed by regulations adopted by the  
7 board pursuant to chapter 34.05 RCW, and beer and wine that is not  
8 produced by the brewery or winery shall be purchased from a licensed  
9 beer or wine distributor.

10 (c) Nothing in this section shall prohibit a licensed distiller,  
11 domestic brewery, microbrewery, domestic winery, or a lessee of a  
12 licensed domestic brewer, microbrewery, or domestic winery, from being  
13 licensed as a spirits, beer, and wine restaurant pursuant to chapter  
14 66.24 RCW for the purpose of selling liquor at a spirits, beer, and  
15 wine restaurant premises on the property on which the primary  
16 manufacturing facility of the licensed distiller, domestic brewer,  
17 microbrewery, or domestic winery is located or on contiguous property  
18 owned by the licensed distiller, domestic brewer, microbrewery, or  
19 domestic winery as prescribed by rules adopted by the board pursuant to  
20 chapter 34.05 RCW.

21 (2) Financial interest, direct or indirect, as used in this  
22 section, shall include any interest, whether by stock ownership,  
23 mortgage, lien, or through interlocking directors, or otherwise.  
24 Pursuant to rules promulgated by the board in accordance with chapter  
25 34.05 RCW manufacturers, distributors, and importers may perform, and  
26 retailers may accept the service of building, rotating and restocking  
27 case displays and stock room inventories; rotating and rearranging can  
28 and bottle displays of their own products; provide point of sale  
29 material and brand signs; price case goods of their own brands; and  
30 perform such similar normal business services as the board may by  
31 regulation prescribe.

32 (3)(a) This section does not prohibit a manufacturer, importer, or  
33 distributor from providing services to a special occasion licensee for:  
34 (i) Installation of draft beer dispensing equipment or advertising,  
35 (ii) advertising, pouring, or dispensing of beer or wine at a beer or  
36 wine tasting exhibition or judging event, or (iii) a special occasion  
37 licensee from receiving any such services as may be provided by a  
38 manufacturer, importer, or distributor. Nothing in this section shall  
39 prohibit a retail licensee, or any person financially interested,

1 directly or indirectly, in such a retail licensee from having a  
2 financial interest, direct or indirect, in a business which provides,  
3 for a compensation commensurate in value to the services provided,  
4 bottling, canning or other services to a manufacturer, so long as the  
5 retail licensee or person interested therein has no direct financial  
6 interest in or control of said manufacturer.

7 (b) A person holding contractual rights to payment from selling a  
8 liquor distributor's business and transferring the license shall not be  
9 deemed to have a financial interest under this section if the person  
10 (i) lacks any ownership in or control of the distributor, (ii) is not  
11 employed by the distributor, and (iii) does not influence or attempt to  
12 influence liquor purchases by retail liquor licensees from the  
13 distributor.

14 (c) The board shall adopt such rules as are deemed necessary to  
15 carry out the purposes and provisions of subsection (3)(a) of this  
16 section in accordance with the administrative procedure act, chapter  
17 34.05 RCW.

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

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

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