
SENATE BILL 6473

State of Washington

56th Legislature

2000 Regular Session

By Senators Jacobsen, Honeyford and Hale

Read first time 01/17/2000. Referred to Committee on Commerce, Trade, Housing & Financial Institutions.

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

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

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

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

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

38 (b) Nothing in this section shall prohibit a licensed domestic
39 brewery or microbrewery from being licensed as a retailer pursuant to

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

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

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

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

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

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

15 (c) The board shall adopt such rules as are deemed necessary to
16 carry out the purposes and provisions of subsection (3)(a) of this
17 section in accordance with the administrative procedure act, chapter
18 34.05 RCW.

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

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

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