

CERTIFICATION OF ENROLLMENT

HOUSE BILL 2657

Chapter 177, Laws of 2000

56th Legislature
2000 Regular Session

LICENSED DISTILLERS

EFFECTIVE DATE: 6/8/00

Passed by the House February 8, 2000
Yeas 97 Nays 0

CLYDE BALLARD
Speaker of the House of Representatives

FRANK CHOPP
Speaker of the House of Representatives

Passed by the Senate March 2, 2000
Yeas 44 Nays 2

BRAD OWEN
President of the Senate

Approved March 27, 2000

GARY LOCKE
Governor of the State of Washington

CERTIFICATE

We, Timothy A. Martin and Cynthia Zehnder, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2657** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN
Chief Clerk

CYNTHIA ZEHNDER
Chief Clerk

FILED

March 27, 2000 - 4:55 p.m.

**Secretary of State
State of Washington**

HOUSE BILL 2657

Passed Legislature - 2000 Regular Session

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.

Passed the House February 8, 2000.

Passed the Senate March 2, 2000.

Approved by the Governor March 27, 2000.

Filed in Office of Secretary of State March 27, 2000.