
HOUSE BILL 3150

State of Washington 59th Legislature 2006 Regular Session

By Representatives Condotta, Linville, Kenney, Chase, Kessler,
Conway, Holmquist, Morrell, Newhouse and Armstrong

Read first time 01/23/2006. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to efforts to promote the wine industry; amending
2 RCW 66.08.060; and reenacting and amending RCW 66.28.010.

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

4 **Sec. 1.** RCW 66.08.060 and 2005 c 231 s 3 are each amended to read
5 as follows:

6 (1) The board shall not advertise liquor in any form or through any
7 medium whatsoever.

8 (2) (~~In-store liquor merchandising is not~~) The following
9 activities do not constitute advertising for the purposes of this
10 section: (a) In-store liquor merchandising; (b) private label wine
11 marketing; and (c) brochures and materials containing information
12 regarding domestic wineries and their products and other licensed
13 persons.

14 (3) The board shall have power to adopt any and all reasonable
15 rules as to the kind, character, and location of advertising of liquor.

16 **Sec. 2.** RCW 66.28.010 and 2004 c 160 s 9 and 2004 c 62 s 1 are
17 each reenacted and amended to read as follows:

18 (1)(a) No manufacturer, importer, distributor, or authorized

1 representative, or person financially interested, directly or
2 indirectly, in such business; whether resident or nonresident, shall
3 have any financial interest, direct or indirect, in any licensed retail
4 business, unless the retail business is owned by a corporation in which
5 a manufacturer or importer has no direct stock ownership and there are
6 no interlocking officers and directors, the retail license is held by
7 a corporation that is not owned directly or indirectly by a
8 manufacturer or importer, the sales of liquor are incidental to the
9 primary activity of operating the property as a hotel, alcoholic
10 beverages produced by the manufacturer or importer or their
11 subsidiaries are not sold at the licensed premises, and the board
12 reviews the ownership and proposed method of operation of all involved
13 entities and determines that there will not be an unacceptable level of
14 control or undue influence over the operation or the retail licensee;
15 nor shall any manufacturer, importer, distributor, or authorized
16 representative own any of the property upon which such licensed persons
17 conduct their business; nor shall any such licensed person, under any
18 arrangement whatsoever, conduct his or her business upon property in
19 which any manufacturer, importer, distributor, or authorized
20 representative has any interest unless title to that property is owned
21 by a corporation in which a manufacturer has no direct stock ownership
22 and there are no interlocking officers or directors, the retail license
23 is held by a corporation that is not owned directly or indirectly by
24 the manufacturer, the sales of liquor are incidental to the primary
25 activity of operating the property either as a hotel or as an
26 amphitheater offering live musical and similar live entertainment
27 activities to the public, alcoholic beverages produced by the
28 manufacturer or any of its subsidiaries are not sold at the licensed
29 premises, and the board reviews the ownership and proposed method of
30 operation of all involved entities and determines that there will not
31 be an unacceptable level of control or undue influence over the
32 operation of the retail licensee. Except as provided in subsection (3)
33 of this section, no manufacturer, importer, distributor, or authorized
34 representative shall advance moneys or moneys' worth to a licensed
35 person under an arrangement, nor shall such licensed person receive,
36 under an arrangement, an advance of moneys or moneys' worth. "Person"
37 as used in this section only shall not include those state or federally
38 chartered banks, state or federally chartered savings and loan

1 associations, state or federally chartered mutual savings banks, or
2 institutional investors which are not controlled directly or indirectly
3 by a manufacturer, importer, distributor, or authorized representative
4 as long as the bank, savings and loan association, or institutional
5 investor does not influence or attempt to influence the purchasing
6 practices of the retailer with respect to alcoholic beverages. Except
7 as otherwise provided in this section, no manufacturer, importer,
8 distributor, or authorized representative shall be eligible to receive
9 or hold a retail license under this title, nor shall such manufacturer,
10 importer, distributor, or authorized representative sell at retail any
11 liquor as herein defined. A corporation granted an exemption under
12 this subsection may use debt instruments issued in connection with
13 financing construction or operations of its facilities.

14 (b) Nothing in this section shall prohibit a licensed domestic
15 brewery or microbrewery from being licensed as a retailer pursuant to
16 chapter 66.24 RCW for the purpose of selling beer or wine at retail on
17 the brewery premises and nothing in this section shall prohibit a
18 domestic winery from being licensed as a retailer pursuant to chapter
19 66.24 RCW for the purpose of selling beer or wine at retail on the
20 winery premises. Such beer and wine so sold at retail shall be subject
21 to the taxes imposed by RCW 66.24.290 and 66.24.210 and to reporting
22 and bonding requirements as prescribed by regulations adopted by the
23 board pursuant to chapter 34.05 RCW, and beer and wine that is not
24 produced by the brewery or winery shall be purchased from a licensed
25 beer or wine distributor.

26 (c) Nothing in this section shall prohibit a licensed distiller,
27 domestic brewery, microbrewery, domestic winery, or a lessee of a
28 licensed domestic brewer, microbrewery, or domestic winery, from being
29 licensed as a spirits, beer, and wine restaurant pursuant to chapter
30 66.24 RCW for the purpose of selling liquor at a spirits, beer, and
31 wine restaurant premises on the property on which the primary
32 manufacturing facility of the licensed distiller, domestic brewer,
33 microbrewery, or domestic winery is located or on contiguous property
34 owned or leased by the licensed distiller, domestic brewer,
35 microbrewery, or domestic winery as prescribed by rules adopted by the
36 board pursuant to chapter 34.05 RCW.

37 (d) Nothing in this section prohibits retail licensees with a

1 caterer's endorsement issued under RCW 66.24.320 or 66.24.420 from
2 operating on a domestic winery premises.

3 (e) Nothing in this section prohibits domestic wineries,
4 certificate of approval holders and authorized representatives under
5 RCW 66.24.206, wine distributors, and wine retailers from jointly
6 conducting any of the activities described in RCW 66.08.060(2).

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.

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