

FINAL BILL REPORT

SSB 5721

C 369 L 07

Synopsis as Enacted

Brief Description: Concerning financial arrangements involving sports/entertainment facility license holders.

Sponsors: Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senator Kohl-Welles).

Senate Committee on Labor, Commerce, Research & Development
House Committee on Commerce & Labor

Background: "Tied House" laws are intended to prevent inappropriate or coercive business practices among the various sectors of the liquor industry, either through domination of one tier over another or through exclusion of competitors' products. Washington's Tied House statute addresses the two fundamental aspects of tied house laws:

- the prohibition against manufacturers, importers, distributors, and authorized representatives from owning or having a financial interest in a retail license or owning property on which a retailer operates; and
- the prohibition against manufacturers, importers, distributors and authorized representatives from providing things of value ("money or money's worth") to licensees.

Washington's approach to changes in the business and social climate since the 1930s has been to carve out discrete, targeted legislative exceptions to these tied house prohibitions as the need arises.

The Liquor Control Board (LCB) can issue a license to a sports/entertainment facility. The license allows the facility to sell beer, wine, and spirits at retail for consumption only at the facility. The license is issued to the entity providing food and beverage service at a sports entertainment facility.

A sports entertainment facility includes a publicly or privately owned arena, coliseum, stadium, or facility where sporting events are presented for the price of admission.

Summary: A manufacturer, importer, or distributor can enter into an arrangement with a sports/entertainment facility licensee or an affiliated business for brand advertising at the licensed facility or promoting events held at the facility with a capacity of 5,000 people or more.

This arrangement cannot be used as an inducement to purchase the manufacturer's, importer's or distributor's products. The arrangement cannot also result in the exclusion of brands or products of other companies.

The LCB has the authority to conduct audits. These audits may include product selection, purchase patterns, contracts, and the amount allocated or used for liquor advertising.

The LCB must monitor the impact of these arrangements and report to the Legislature by December 30, 2008, and biennially thereafter.

Votes on Final Passage:

Senate	46	0	
House	72	25	(House amended)
Senate	45	2	(Senate concurred)

Effective: July 22, 2007