

# SENATE BILL REPORT

## SB 6748

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As Reported By Senate Committee On:  
Labor, Commerce & Trade, February 1, 1996

**Title:** An act relating to providing limited circumstances under which a qualifying manufacturer that is a public company may have an indirect interest in property on which a retail liquor licensed premises is located.

**Brief Description:** Regulating the interest in property on which retail liquor is sold.

**Sponsors:** Senators Heavey and Deccio.

**Brief History:**

**Committee Activity:** Labor, Commerce & Trade: 2/1/96 [DPS].

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### SENATE COMMITTEE ON LABOR, COMMERCE & TRADE

**Majority Report:** That Substitute Senate Bill No. 6748 be substituted therefor, and the substitute bill do pass.

Signed by Senators Pelz, Chair; Heavey, Vice Chair; A. Anderson, Deccio, Franklin, Fraser, McDonald, Newhouse and Wojahn.

**Staff:** Traci Ratzliff (786-7452)

**Background:** Under current law, a liquor manufacturer, importer, or wholesaler is prohibited from having any financial interest in an establishment that holds a retail liquor license. A manufacturer or wholesaler is also prohibited from owning property upon which a retail liquor licensee conducts business. Furthermore, a retail liquor licensee is prohibited from conducting business upon property in which a manufacturer, importer or wholesaler has an interest. This prohibition was established in an effort to prevent manufacturers or wholesalers from exerting undue pressure on a retail liquor licensee to exclude the sale of one liquor product over another or to increase consumption.

**Summary of Substitute Bill:** The prohibition on a liquor manufacturer, importer or wholesaler from holding a financial interest in a licensed retail establishment or owning property upon which such an establishment operates is modified. Such business arrangements may be permitted if the Liquor Control Board reviews the ownership and operating agreements and determines that the operation of the retail liquor licensee is not going to be unduly influenced by the manufacturer, importer or wholesaler.

**Substitute Bill Compared to Original Bill:** Language is added to clarify the type of relationship that can exist between a liquor manufacturer or wholesaler and a retail liquor licensee.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** The original tied-house law that was passed in 1934 did not contemplate the kind of business arrangements that exist today. This bill will resolve the difficulties that have arisen today while maintaining the original intent of the tied-house act.

**Testimony Against:** None.

**Testified:** Jim Halstrom, Seagrams; Carter Mitchell, Liquor Control Board.