
SUBSTITUTE SENATE BILL 5175

State of Washington

54th Legislature

1995 Regular Session

By Senate Committee on Labor, Commerce & Trade (originally sponsored by Senators Pelz and Deccio; by request of Liquor Control Board)

Read first time 01/30/95.

1 AN ACT Relating to certain retail liquor licensees being licensed
2 as manufacturers; 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 1994 c 63 s 1 are each amended to read
5 as follows:

6 (1)(a) No manufacturer, importer, or wholesaler, 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, nor shall any
10 manufacturer, importer, or wholesaler own any of the property upon
11 which such licensed persons conduct their business, nor shall any such
12 licensed person, under any arrangement whatsoever, conduct his or her
13 business upon property in which any manufacturer, importer, or
14 wholesaler has any interest. Except as provided in subsection (3) of
15 this section, no manufacturer, importer, or wholesaler shall advance
16 moneys or moneys' worth to a licensed person under an arrangement, nor
17 shall such licensed person receive, under an arrangement, an advance of
18 moneys or moneys' worth(~~(:—PROVIDED, That)~~). "Person" as used in this
19 section only shall not include those state or federally chartered

1 banks, state or federally chartered savings and loan associations,
2 state or federally chartered mutual savings banks, or institutional
3 investors which are not controlled directly or indirectly by a
4 manufacturer, importer, or wholesaler as long as the bank, savings and
5 loan association, or institutional investor does not influence or
6 attempt to influence the purchasing practices of the retailer with
7 respect to alcoholic beverages. No manufacturer, importer, or
8 wholesaler shall be eligible to receive or hold a retail license under
9 this title, nor shall such manufacturer, importer, or wholesaler sell
10 at retail any liquor as herein defined(~~(:—PROVIDED, That)~~).

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

23 (c) Nothing in this section shall prohibit a licensed brewer or
24 domestic winery, or a lessee of a licensed brewer or domestic winery,
25 from being licensed as a class H restaurant pursuant to chapter 66.24
26 RCW for the purpose of selling liquor at a class H premises on the
27 property on which the primary manufacturing facility of the licensed
28 brewer or domestic winery is located or on contiguous property owned by
29 the licensed brewer or domestic winery as prescribed by regulations
30 adopted by the board pursuant to chapter 34.05 RCW.

31 (d) Nothing in this section shall prohibit the holder of a retail
32 class A, B, C, D, or H license from being licensed as either a brewery
33 or domestic winery for the purposes of manufacturing and selling beer
34 or wine of its own manufacture at that licensed retail premises only or
35 for sales to a licensed beer or wine wholesaler if the retail licensee
36 qualifies for such license after making application to the board.

37 (2) Financial interest, direct or indirect, as used in this
38 section, shall include any interest, whether by stock ownership,
39 mortgage, lien, or through interlocking directors, or otherwise.

1 Pursuant to rules promulgated by the board in accordance with chapter
2 34.05 RCW manufacturers, wholesalers and importers may perform, and
3 retailers may accept the service of building, rotating and restocking
4 case displays and stock room inventories; rotating and rearranging can
5 and bottle displays of their own products; provide point of sale
6 material and brand signs; price case goods of their own brands; and
7 perform such similar normal business services as the board may by
8 regulation prescribe.

9 (3)(a) This section does not prohibit a manufacturer, importer, or
10 wholesaler from providing services to a class G or J retail licensee
11 for: (i) Installation of draft beer dispensing equipment or
12 advertising, (ii) advertising, pouring or dispensing of beer or wine at
13 a beer or wine tasting exhibition or judging event, or (iii) a class G
14 or J retail licensee from receiving any such services as may be
15 provided by a manufacturer, importer, or wholesaler(~~(:—PROVIDED,~~
16 ~~That)).~~ Nothing in this section shall prohibit a retail licensee, or
17 any person financially interested, directly or indirectly, in such a
18 retail licensee from having a financial interest, direct or indirect,
19 in a business which provides, for a compensation commensurate in value
20 to the services provided, bottling, canning or other services to a
21 manufacturer, so long as the retail licensee or person interested
22 therein has no direct financial interest in or control of said
23 manufacturer.

24 (b) A person holding contractual rights to payment from selling a
25 liquor wholesaler's business and transferring the license shall not be
26 deemed to have a financial interest under this section if the person
27 (i) lacks any ownership in or control of the wholesaler, (ii) is not
28 employed by the wholesaler, and (iii) does not influence or attempt to
29 influence liquor purchases by retail liquor licensees from the
30 wholesaler.

31 (c) The board shall adopt such rules as are deemed necessary to
32 carry out the purposes and provisions of subsection (3)(a) of this
33 section in accordance with the administrative procedure act, chapter
34 34.05 RCW.

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

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