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SENATE BILL 6748

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State of Washington

54th Legislature

1996 Regular Session

By Senators Heavey and Deccio

Read first time 01/31/96. Referred to Committee on Labor, Commerce & Trade.

1 AN ACT Relating to providing limited circumstances under which a  
2 qualifying manufacturer that is a public company may have an indirect  
3 interest in property on which a retail liquor licensed premises is  
4 located; and amending RCW 66.28.010.

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

6 **Sec. 1.** RCW 66.28.010 and 1994 c 63 s 1 are each amended to read  
7 as follows:

8 (1) No manufacturer, importer, or wholesaler, or person financially  
9 interested, directly or indirectly, in such business, whether resident  
10 or nonresident, shall have any financial interest, direct or indirect,  
11 in any licensed retail business, nor shall any manufacturer, importer,  
12 or wholesaler own any of the property upon which such licensed persons  
13 conduct their business, nor shall any such licensed person, under any  
14 arrangement whatsoever, conduct his business upon property in which any  
15 manufacturer, importer, or wholesaler has any interest, unless the  
16 board reviews the ownership and proposed method of operation of all  
17 involved entities and determines that there will not be an unacceptable  
18 level of control or undue influence over the operation of the retail  
19 licensee. Except as provided in subsection (3) of this section, no

1 manufacturer, importer, or wholesaler shall advance moneys or moneys'  
2 worth to a licensed person under an arrangement, nor shall such  
3 licensed person receive, under an arrangement, an advance of moneys or  
4 moneys' worth: PROVIDED, That "person" as used in this section only  
5 shall not include those state or federally chartered banks, state or  
6 federally chartered savings and loan associations, state or federally  
7 chartered mutual savings banks, or institutional investors which are  
8 not controlled directly or indirectly by a manufacturer, importer, or  
9 wholesaler as long as the bank, savings and loan association, or  
10 institutional investor does not influence or attempt to influence the  
11 purchasing practices of the retailer with respect to alcoholic  
12 beverages. No manufacturer, importer, or wholesaler shall be eligible  
13 to receive or hold a retail license under this title, nor shall such  
14 manufacturer, importer, or wholesaler sell at retail any liquor as  
15 herein defined: PROVIDED, That nothing in this section shall prohibit  
16 a licensed brewer from being licensed as a retailer pursuant to chapter  
17 66.24 RCW for the purpose of selling beer or wine at retail on the  
18 brewery premises and nothing in this section shall prohibit a domestic  
19 winery from being licensed as a retailer pursuant to chapter 66.24 RCW  
20 for the purpose of selling beer or wine at retail on the winery  
21 premises. Such beer and wine so sold at retail shall be subject to the  
22 taxes imposed by RCW 66.24.290 and 66.24.210 and to reporting and  
23 bonding requirements as prescribed by regulations adopted by the board  
24 pursuant to chapter 34.05 RCW, and beer and wine that is not produced  
25 by the brewery or winery shall be purchased from a licensed beer or  
26 wine wholesaler: PROVIDED FURTHER, That nothing in this section shall  
27 prohibit a licensed brewer or domestic winery, or a lessee of a  
28 licensed brewer or domestic winery, from being licensed as a class H  
29 restaurant pursuant to chapter 66.24 RCW for the purpose of selling  
30 liquor at a class H premises on the property on which the primary  
31 manufacturing facility of the licensed brewer or domestic winery is  
32 located or on contiguous property owned by the licensed brewer or  
33 domestic winery as prescribed by regulations adopted by the board  
34 pursuant to chapter 34.05 RCW.

35 (2) Financial interest, direct or indirect, as used in this  
36 section, shall include any interest, whether by stock ownership,  
37 mortgage, lien, or through interlocking directors, or otherwise.  
38 Pursuant to rules promulgated by the board in accordance with chapter  
39 34.05 RCW manufacturers, wholesalers and importers may perform, and

1 retailers may accept the service of building, rotating and restocking  
2 case displays and stock room inventories; rotating and rearranging can  
3 and bottle displays of their own products; provide point of sale  
4 material and brand signs; price case goods of their own brands; and  
5 perform such similar normal business services as the board may by  
6 regulation prescribe.

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

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

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

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

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