

CERTIFICATION OF ENROLLMENT

**SENATE BILL 6601**

57th Legislature  
2002 Regular Session

Passed by the Senate February 14, 2002  
YEAS 42 NAYS 4

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**President of the Senate**

Passed by the House March 6, 2002  
YEAS 92 NAYS 1

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**Speaker of the  
House of Representatives**

CERTIFICATE

I, Tony M. Cook, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 6601** as passed by the Senate and the House of Representatives on the dates hereon set forth.

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**Secretary**

Approved

FILED

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Governor of the State of Washington

Secretary of State  
State of Washington

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**SENATE BILL 6601**

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Passed Legislature - 2002 Regular Session

**State of Washington**

**57th Legislature**

**2002 Regular Session**

**By** Senators Prentice, Rasmussen, Kohl-Welles, McAuliffe and Hale

Read first time 01/23/2002. Referred to Committee on Labor, Commerce & Financial Institutions.

1       AN ACT Relating to allowing a licensed distiller, domestic brewery,  
2 microbrewery, or domestic winery to sell liquor at a spirits, beer, and  
3 wine restaurant located on contiguous property that is leased by that  
4 licensed distiller, domestic brewery, microbrewery, or domestic winery;  
5 and amending RCW 66.28.010.

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

7       **Sec. 1.** RCW 66.28.010 and 2000 c 177 s 1 are each amended to read  
8 as follows:

9       (1)(a) No manufacturer, importer, or distributor, or person  
10 financially interested, directly or indirectly, in such business;  
11 whether resident or nonresident, shall have any financial interest,  
12 direct or indirect, in any licensed retail business, unless the retail  
13 business is owned by a corporation in which a manufacturer or importer  
14 has no direct stock ownership and there are no interlocking officers  
15 and directors, the retail license is held by a corporation that is not  
16 owned directly or indirectly by a manufacturer or importer, the sales  
17 of liquor are incidental to the primary activity of operating the  
18 property as a hotel, alcoholic beverages produced by the manufacturer  
19 or importer or their subsidiaries are not sold at the licensed

1 premises, and the board reviews the ownership and proposed method of  
2 operation of all involved entities and determines that there will not  
3 be an unacceptable level of control or undue influence over the  
4 operation or the retail licensee; nor shall any manufacturer, importer,  
5 or distributor own any of the property upon which such licensed persons  
6 conduct their business; nor shall any such licensed person, under any  
7 arrangement whatsoever, conduct his or her business upon property in  
8 which any manufacturer, importer, or distributor has any interest  
9 unless title to that property is owned by a corporation in which a  
10 manufacturer has no direct stock ownership and there are no  
11 interlocking officers or directors, the retail license is held by a  
12 corporation that is not owned directly or indirectly by the  
13 manufacturer, the sales of liquor are incidental to the primary  
14 activity of operating the property either as a hotel or as an  
15 amphitheater offering live musical and similar live entertainment  
16 activities to the public, alcoholic beverages produced by the  
17 manufacturer or any of its subsidiaries are not sold at the licensed  
18 premises, and the board reviews the ownership and proposed method of  
19 operation of all involved entities and determines that there will not  
20 be an unacceptable level of control or undue influence over the  
21 operation of the retail licensee. Except as provided in subsection (3)  
22 of this section, no manufacturer, importer, or distributor shall  
23 advance moneys or moneys' worth to a licensed person under an  
24 arrangement, nor shall such licensed person receive, under an  
25 arrangement, an advance of moneys or moneys' worth. "Person" as used  
26 in this section only shall not include those state or federally  
27 chartered banks, state or federally chartered savings and loan  
28 associations, state or federally chartered mutual savings banks, or  
29 institutional investors which are not controlled directly or indirectly  
30 by a manufacturer, importer, or distributor as long as the bank,  
31 savings and loan association, or institutional investor does not  
32 influence or attempt to influence the purchasing practices of the  
33 retailer with respect to alcoholic beverages. Except as otherwise  
34 provided in this section, no manufacturer, importer, or distributor  
35 shall be eligible to receive or hold a retail license under this title,  
36 nor shall such manufacturer, importer, or distributor sell at retail  
37 any liquor as herein defined. A corporation granted an exemption under  
38 this subsection may use debt instruments issued in connection with  
39 financing construction or operations of its facilities.

1 (b) Nothing in this section shall prohibit a licensed domestic  
2 brewery or microbrewery from being licensed as a retailer pursuant to  
3 chapter 66.24 RCW for the purpose of selling beer or wine at retail on  
4 the brewery premises and nothing in this section shall prohibit a  
5 domestic winery from being licensed as a retailer pursuant to chapter  
6 66.24 RCW for the purpose of selling beer or wine at retail on the  
7 winery premises. Such beer and wine so sold at retail shall be subject  
8 to the taxes imposed by RCW 66.24.290 and 66.24.210 and to reporting  
9 and bonding requirements as prescribed by regulations adopted by the  
10 board pursuant to chapter 34.05 RCW, and beer and wine that is not  
11 produced by the brewery or winery shall be purchased from a licensed  
12 beer or wine distributor.

13 (c) Nothing in this section shall prohibit a licensed distiller,  
14 domestic brewery, microbrewery, domestic winery, or a lessee of a  
15 licensed domestic brewer, microbrewery, or domestic winery, from being  
16 licensed as a spirits, beer, and wine restaurant pursuant to chapter  
17 66.24 RCW for the purpose of selling liquor at a spirits, beer, and  
18 wine restaurant premises on the property on which the primary  
19 manufacturing facility of the licensed distiller, domestic brewer,  
20 microbrewery, or domestic winery is located or on contiguous property  
21 owned or leased by the licensed distiller, domestic brewer,  
22 microbrewery, or domestic winery as prescribed by rules adopted by the  
23 board pursuant to chapter 34.05 RCW.

24 (2) Financial interest, direct or indirect, as used in this  
25 section, shall include any interest, whether by stock ownership,  
26 mortgage, lien, or through interlocking directors, or otherwise.  
27 Pursuant to rules promulgated by the board in accordance with chapter  
28 34.05 RCW manufacturers, distributors, and importers may perform, and  
29 retailers may accept the service of building, rotating and restocking  
30 case displays and stock room inventories; rotating and rearranging can  
31 and bottle displays of their own products; provide point of sale  
32 material and brand signs; price case goods of their own brands; and  
33 perform such similar normal business services as the board may by  
34 regulation prescribe.

35 (3)(a) This section does not prohibit a manufacturer, importer, or  
36 distributor from providing services to a special occasion licensee for:  
37 (i) Installation of draft beer dispensing equipment or advertising,  
38 (ii) advertising, pouring, or dispensing of beer or wine at a beer or  
39 wine tasting exhibition or judging event, or (iii) a special occasion

1 licensee from receiving any such services as may be provided by a  
2 manufacturer, importer, or distributor. Nothing in this section shall  
3 prohibit a retail licensee, or any person financially interested,  
4 directly or indirectly, in such a retail licensee from having a  
5 financial interest, direct or indirect, in a business which provides,  
6 for a compensation commensurate in value to the services provided,  
7 bottling, canning or other services to a manufacturer, so long as the  
8 retail licensee or person interested therein has no direct financial  
9 interest in or control of said manufacturer.

10 (b) A person holding contractual rights to payment from selling a  
11 liquor distributor's business and transferring the license shall not be  
12 deemed to have a financial interest under this section if the person  
13 (i) lacks any ownership in or control of the distributor, (ii) is not  
14 employed by the distributor, and (iii) does not influence or attempt to  
15 influence liquor purchases by retail liquor licensees from the  
16 distributor.

17 (c) The board shall adopt such rules as are deemed necessary to  
18 carry out the purposes and provisions of subsection (3)(a) of this  
19 section in accordance with the administrative procedure act, chapter  
20 34.05 RCW.

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

23 (5) A public house license issued under RCW 66.24.580 does not  
24 violate the provisions of this section as to a retailer having an  
25 interest directly or indirectly in a liquor-licensed manufacturer.

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