

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 6584

Chapter 62, Laws of 2004

58th Legislature
2004 Regular Session

LIQUOR LICENSEES--CATERER'S ENDORSEMENT

EFFECTIVE DATE: 6/10/04

Passed by the Senate February 17, 2004
YEAS 48 NAYS 0

BRAD OWEN

President of the Senate

Passed by the House March 2, 2004
YEAS 94 NAYS 1

FRANK CHOPP

Speaker of the House of Representatives

Approved March 22, 2004.

GARY F. LOCKE

Governor of the State of Washington

CERTIFICATE

I, Milton H. Doumit, Jr., Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6584** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MILTON H. DOUMIT JR.

Secretary

FILED

March 22, 2004 - 4:56 p.m.

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 6584

Passed Legislature - 2004 Regular Session

State of Washington 58th Legislature 2004 Regular Session

By Senate Committee on Commerce & Trade (originally sponsored by Senators Hewitt, McAuliffe, Honeyford and Eide)

READ FIRST TIME 02/09/04.

1 AN ACT Relating to liquor licensees holding a caterer's
2 endorsement; amending RCW 66.28.010 and 66.24.420; and reenacting and
3 amending RCW 66.24.320.

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

5 **Sec. 1.** RCW 66.28.010 and 2002 c 109 s 1 are each amended to read
6 as follows:

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

1 be an unacceptable level of control or undue influence over the
2 operation or the retail licensee; nor shall any manufacturer, importer,
3 or distributor own any of the property upon which such licensed persons
4 conduct their business; nor shall any such licensed person, under any
5 arrangement whatsoever, conduct his or her business upon property in
6 which any manufacturer, importer, or distributor has any interest
7 unless title to that property is owned by a corporation in which a
8 manufacturer has no direct stock ownership and there are no
9 interlocking officers or directors, the retail license is held by a
10 corporation that is not owned directly or indirectly by the
11 manufacturer, the sales of liquor are incidental to the primary
12 activity of operating the property either as a hotel or as an
13 amphitheater offering live musical and similar live entertainment
14 activities to the public, alcoholic beverages produced by the
15 manufacturer or any of its subsidiaries are not sold at the licensed
16 premises, and the board reviews the ownership and proposed method of
17 operation of all involved entities and determines that there will not
18 be an unacceptable level of control or undue influence over the
19 operation of the retail licensee. Except as provided in subsection (3)
20 of this section, no manufacturer, importer, or distributor shall
21 advance moneys or moneys' worth to a licensed person under an
22 arrangement, nor shall such licensed person receive, under an
23 arrangement, an advance of moneys or moneys' worth. "Person" as used
24 in this section only shall not include those state or federally
25 chartered banks, state or federally chartered savings and loan
26 associations, state or federally chartered mutual savings banks, or
27 institutional investors which are not controlled directly or indirectly
28 by a manufacturer, importer, or distributor as long as the bank,
29 savings and loan association, or institutional investor does not
30 influence or attempt to influence the purchasing practices of the
31 retailer with respect to alcoholic beverages. Except as otherwise
32 provided in this section, no manufacturer, importer, or distributor
33 shall be eligible to receive or hold a retail license under this title,
34 nor shall such manufacturer, importer, or distributor sell at retail
35 any liquor as herein defined. A corporation granted an exemption under
36 this subsection may use debt instruments issued in connection with
37 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 (d) Nothing in this section prohibits retail licensees with a
25 caterer's endorsement issued under RCW 66.24.320 or 66.24.420 from
26 operating on a domestic winery premises.

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

1 (3)(a) This section does not prohibit a manufacturer, importer, or
2 distributor from providing services to a special occasion licensee for:
3 (i) Installation of draft beer dispensing equipment or advertising,
4 (ii) advertising, pouring, or dispensing of beer or wine at a beer or
5 wine tasting exhibition or judging event, or (iii) a special occasion
6 licensee from receiving any such services as may be provided by a
7 manufacturer, importer, or distributor. Nothing in this section shall
8 prohibit a retail licensee, or any person financially interested,
9 directly or indirectly, in such a retail licensee from having a
10 financial interest, direct or indirect, in a business which provides,
11 for a compensation commensurate in value to the services provided,
12 bottling, canning or other services to a manufacturer, so long as the
13 retail licensee or person interested therein has no direct financial
14 interest in or control of said manufacturer.

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

22 (c) The board shall adopt such rules as are deemed necessary to
23 carry out the purposes and provisions of subsection (3)(a) of this
24 section in accordance with the administrative procedure act, chapter
25 34.05 RCW.

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

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

31 **Sec. 2.** RCW 66.24.320 and 2003 c 345 s 1 and 2003 c 167 s 6 are
32 each reenacted and amended to read as follows:

33 There shall be a beer and/or wine restaurant license to sell beer,
34 including strong beer, or wine, or both, at retail, for consumption on
35 the premises. A patron of the licensee may remove from the premises,
36 recorked or recapped in its original container, any portion of wine
37 that was purchased for consumption with a meal.

1 (1) The annual fee shall be two hundred dollars for the beer
2 license, two hundred dollars for the wine license, or four hundred
3 dollars for a combination beer and wine license.

4 (2)(a) The board may issue a caterer's endorsement to this license
5 to allow the licensee to remove from the liquor stocks at the licensed
6 premises, only those types of liquor that are authorized under the on-
7 premises license privileges for sale and service at event locations at
8 a specified date and, except as provided in subsection (3) of this
9 section, place not currently licensed by the board. If the event is
10 open to the public, it must be sponsored by a society or organization
11 as defined by RCW 66.24.375. If attendance at the event is limited to
12 members or invited guests of the sponsoring individual, society, or
13 organization, the requirement that the sponsor must be a society or
14 organization as defined by RCW 66.24.375 is waived. Cost of the
15 endorsement is three hundred fifty dollars.

16 (b) The holder of this license with catering endorsement shall, if
17 requested by the board, notify the board or its designee of the date,
18 time, place, and location of any catered event. Upon request, the
19 licensee shall provide to the board all necessary or requested
20 information concerning the society or organization that will be holding
21 the function at which the endorsed license will be utilized.

22 (3) Licensees under this section that hold a caterer's endorsement
23 are allowed to use this endorsement on a domestic winery premises under
24 the following conditions:

25 (a) Agreements between the domestic winery and the retail licensee
26 shall be in writing, contain no exclusivity clauses regarding the
27 alcohol beverages to be served, and be filed with the board; and

28 (b) The domestic winery and the retail licensee shall be separately
29 contracted and compensated by the persons sponsoring the event for
30 their respective services.

31 **Sec. 3.** RCW 66.24.420 and 2003 c 345 s 2 are each amended to read
32 as follows:

33 (1) The spirits, beer, and wine restaurant license shall be issued
34 in accordance with the following schedule of annual fees:

35 (a) The annual fee for a spirits, beer, and wine restaurant license
36 shall be graduated according to the dedicated dining area and type of
37 service provided as follows:

| | | |
|---|-------------------------------------|---------|
| 1 | Less than 50% dedicated dining area | \$2,000 |
| 2 | 50% or more dedicated dining area | \$1,600 |
| 3 | Service bar only | \$1,000 |

4 (b) The annual fee for the license when issued to any other
5 spirits, beer, and wine restaurant licensee outside of incorporated
6 cities and towns shall be prorated according to the calendar quarters,
7 or portion thereof, during which the licensee is open for business,
8 except in case of suspension or revocation of the license.

9 (c) Where the license shall be issued to any corporation,
10 association or person operating a bona fide restaurant in an airport
11 terminal facility providing service to transient passengers with more
12 than one place where liquor is to be dispensed and sold, such license
13 shall be issued upon the payment of the annual fee, which shall be a
14 master license and shall permit such sale within and from one such
15 place. Such license may be extended to additional places on the
16 premises at the discretion of the board and a duplicate license may be
17 issued for each such additional place: PROVIDED, That the holder of a
18 master license for a restaurant in an airport terminal facility shall
19 be required to maintain in a substantial manner at least one place on
20 the premises for preparing, cooking, and serving of complete meals, and
21 such food service shall be available on request in other licensed
22 places on the premises: PROVIDED, FURTHER, That an additional license
23 fee of twenty-five percent of the annual master license fee shall be
24 required for such duplicate licenses.

25 (d) Where the license shall be issued to any corporation,
26 association, or person operating dining places at a publicly or
27 privately owned civic or convention center with facilities for sports,
28 entertainment, or conventions, or a combination thereof, with more than
29 one place where liquor is to be dispensed and sold, such license shall
30 be issued upon the payment of the annual fee, which shall be a master
31 license and shall permit such sale within and from one such place.
32 Such license may be extended to additional places on the premises at
33 the discretion of the board and a duplicate license may be issued for
34 each such additional place: PROVIDED, That the holder of a master
35 license for a dining place at such a publicly or privately owned civic
36 or convention center shall be required to maintain in a substantial
37 manner at least one place on the premises for preparing, cooking, and

1 serving of complete meals, and food service shall be available on
2 request in other licensed places on the premises: PROVIDED FURTHER,
3 That an additional license fee of ten dollars shall be required for
4 such duplicate licenses.

5 (e) Where the license shall be issued to any corporation,
6 association or person operating more than one building containing
7 dining places at privately owned facilities which are open to the
8 public and where there is a continuity of ownership of all adjacent
9 property, such license shall be issued upon the payment of an annual
10 fee which shall be a master license and shall permit such sale within
11 and from one such place. Such license may be extended to the
12 additional dining places on the property or, in the case of a spirits,
13 beer, and wine restaurant licensed hotel, property owned or controlled
14 by leasehold interest by that hotel for use as a conference or
15 convention center or banquet facility open to the general public for
16 special events in the same metropolitan area, at the discretion of the
17 board and a duplicate license may be issued for each additional place:
18 PROVIDED, That the holder of the master license for the dining place
19 shall not offer alcoholic beverages for sale, service, and consumption
20 at the additional place unless food service is available at both the
21 location of the master license and the duplicate license: PROVIDED
22 FURTHER, That an additional license fee of twenty dollars shall be
23 required for such duplicate licenses.

24 (2) The board, so far as in its judgment is reasonably possible,
25 shall confine spirits, beer, and wine restaurant licenses to the
26 business districts of cities and towns and other communities, and not
27 grant such licenses in residential districts, nor within the immediate
28 vicinity of schools, without being limited in the administration of
29 this subsection to any specific distance requirements.

30 (3) The board shall have discretion to issue spirits, beer, and
31 wine restaurant licenses outside of cities and towns in the state of
32 Washington. The purpose of this subsection is to enable the board, in
33 its discretion, to license in areas outside of cities and towns and
34 other communities, establishments which are operated and maintained
35 primarily for the benefit of tourists, vacationers and travelers, and
36 also golf and country clubs, and common carriers operating dining, club
37 and buffet cars, or boats.

1 (4) The total number of spirits, beer, and wine restaurant licenses
2 issued in the state of Washington by the board, not including spirits,
3 beer, and wine private club licenses, shall not in the aggregate at any
4 time exceed one license for each fifteen hundred of population in the
5 state, determined according to the yearly population determination
6 developed by the office of financial management pursuant to RCW
7 43.62.030.

8 (5) Notwithstanding the provisions of subsection (4) of this
9 section, the board shall refuse a spirits, beer, and wine restaurant
10 license to any applicant if in the opinion of the board the spirits,
11 beer, and wine restaurant licenses already granted for the particular
12 locality are adequate for the reasonable needs of the community.

13 (6)(a) The board may issue a caterer's endorsement to this license
14 to allow the licensee to remove the liquor stocks at the licensed
15 premises, for use as liquor for sale and service at event locations at
16 a specified date and, except as provided in subsection (7) of this
17 section, place not currently licensed by the board. If the event is
18 open to the public, it must be sponsored by a society or organization
19 as defined by RCW 66.24.375. If attendance at the event is limited to
20 members or invited guests of the sponsoring individual, society, or
21 organization, the requirement that the sponsor must be a society or
22 organization as defined by RCW 66.24.375 is waived. Cost of the
23 endorsement is three hundred fifty dollars.

24 (b) The holder of this license with catering endorsement shall, if
25 requested by the board, notify the board or its designee of the date,
26 time, place, and location of any catered event. Upon request, the
27 licensee shall provide to the board all necessary or requested
28 information concerning the society or organization that will be holding
29 the function at which the endorsed license will be utilized.

30 (7) Licensees under this section that hold a caterer's endorsement
31 are allowed to use this endorsement on a domestic winery premises under
32 the following conditions:

33 (a) Agreements between the domestic winery and the retail licensee
34 shall be in writing, contain no exclusivity clauses regarding the
35 alcohol beverages to be served, and be filed with the board; and

36 (b) The domestic winery and the retail licensee shall be separately

1 contracted and compensated by the persons sponsoring the event for
2 their respective services.

Passed by the Senate February 17, 2004.

Passed by the House March 2, 2004.

Approved by the Governor March 22, 2004.

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