

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE SENATE BILL 5721**

Chapter 369, Laws of 2007

60th Legislature  
2007 Regular Session

SPORTS/ENTERTAINMENT FACILITIES

EFFECTIVE DATE: 07/22/07

Passed by the Senate April 16, 2007  
YEAS 45 NAYS 2

BRAD OWEN

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**President of the Senate**

Passed by the House April 5, 2007  
YEAS 72 NAYS 25

FRANK CHOPP

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**Speaker of the House of Representatives**

Approved May 8, 2007, 4:01 p.m.

CHRISTINE GREGOIRE

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**Governor of the State of Washington**

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5721** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

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**Secretary**

FILED

May 10, 2007

**Secretary of State  
State of Washington**

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**SUBSTITUTE SENATE BILL 5721**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2007 Regular Session

**State of Washington                      60th Legislature                      2007 Regular Session**

**By** Senate Committee on Labor, Commerce, Research & Development  
(originally sponsored by Senator Kohl-Welles)

READ FIRST TIME 02/28/07.

1            AN ACT Relating to allowing for financial arrangements between the  
2 holders of a sports/entertainment facility and manufacturers,  
3 importers, and distributors; amending RCW 66.24.570; and reenacting and  
4 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 2006 c 330 s 28, 2006 c 92 s 1, and 2006  
7 c 43 s 1 are each reenacted and amended to read as follows:

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

1 reviews the ownership and proposed method of operation of all involved  
2 entities and determines that there will not be an unacceptable level of  
3 control or undue influence over the operation or the retail licensee;  
4 nor shall any manufacturer, importer, distributor, or authorized  
5 representative 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, distributor, or authorized  
9 representative has any interest unless title to that property is owned  
10 by a corporation in which a manufacturer has no direct stock ownership  
11 and there are no interlocking officers or directors, the retail license  
12 is held by a corporation that is not owned directly or indirectly by  
13 the 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, distributor, or authorized  
23 representative shall advance moneys or moneys' worth to a licensed  
24 person under an arrangement, nor shall such licensed person receive,  
25 under an arrangement, an advance of moneys or moneys' worth. "Person"  
26 as used 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, distributor, or authorized representative  
31 as long as the bank, savings and loan association, or institutional  
32 investor does not influence or attempt to influence the purchasing  
33 practices of the retailer with respect to alcoholic beverages. Except  
34 as otherwise provided in this section, no manufacturer, importer,  
35 distributor, or authorized representative shall be eligible to receive  
36 or hold a retail license under this title, nor shall such manufacturer,  
37 importer, distributor, or authorized representative sell at retail any

1 liquor as herein defined. A corporation granted an exemption under  
2 this subsection may use debt instruments issued in connection with  
3 financing construction or operations of its facilities.

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

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

27 (d) Nothing in this section prohibits retail licensees with a  
28 caterer's endorsement issued under RCW 66.24.320 or 66.24.420 from  
29 operating on a domestic winery premises.

30 (e) Nothing in this section prohibits an organization qualifying  
31 under RCW 66.24.375 formed for the purpose of constructing and  
32 operating a facility to promote Washington wines from holding retail  
33 licenses on the facility property or leasing all or any portion of such  
34 facility property to a retail licensee on the facility property if the  
35 members of the board of directors or officers of the board for the  
36 organization include officers, directors, owners, or employees of a  
37 licensed domestic winery. Financing for the construction of the  
38 facility must include both public and private money.

1 (f) Nothing in this section prohibits a bona fide charitable  
2 nonprofit society or association registered as a 501(c)(3) under the  
3 internal revenue code and having an officer, director, owner, or  
4 employee of a licensed domestic winery or a wine certificate of  
5 approval holder on its board of directors from holding a special  
6 occasion license under RCW 66.24.380.

7 (g) Nothing in this section prohibits domestic wineries and  
8 retailers licensed under chapter 66.24 RCW from jointly producing  
9 brochures and materials promoting tourism in Washington state which  
10 contain information regarding retail licensees, domestic wineries, and  
11 their products.

12 (h) Nothing in this section prohibits domestic wineries and retail  
13 licensees from identifying the wineries on private labels authorized  
14 under RCW 66.24.400, 66.24.425, and 66.24.450.

15 (i) Until July 1, 2007, nothing in this section prohibits a  
16 nonprofit statewide organization of microbreweries formed for the  
17 purpose of promoting Washington's craft beer industry as a trade  
18 association registered as a 501(c) with the internal revenue service  
19 from holding a special occasion license to conduct up to six beer  
20 festivals.

21 (j) Nothing in this section shall prohibit a manufacturer,  
22 importer, or distributor from entering into an arrangement with any  
23 holder of a sports/entertainment facility license or an affiliated  
24 business for brand advertising at the licensed facility or promoting  
25 events held at the sports entertainment facility as authorized under  
26 RCW 66.24.570.

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 66.24.570 and 2003 c 345 s 3 are each amended to read  
32 as follows:

33 (1) There is a license for sports entertainment facilities to be  
34 designated as a sports/entertainment facility license to sell beer,  
35 wine, and spirits at retail, for consumption upon the premises only,  
36 the license to be issued to the entity providing food and beverage

1 service at a sports entertainment facility as defined in this section.  
2 The cost of the license is two thousand five hundred dollars per annum.

3 (2) For purposes of this section, a sports entertainment facility  
4 includes a publicly or privately owned arena, coliseum, stadium, or  
5 facility where sporting events are presented for a price of admission.  
6 The facility does not have to be exclusively used for sporting events.

7 (3) The board may impose reasonable requirements upon a licensee  
8 under this section, such as requirements for the availability of food  
9 and victuals including but not limited to hamburgers, sandwiches,  
10 salads, or other snack food. The board may also restrict the type of  
11 events at a sports entertainment facility at which beer, wine, and  
12 spirits may be served. When imposing conditions for a licensee, the  
13 board must consider the seating accommodations, eating facilities, and  
14 circulation patterns in such a facility, and other amenities available  
15 at a sports entertainment facility.

16 (4)(a) The board may issue a caterer's endorsement to the license  
17 under this section to allow the licensee to remove from the liquor  
18 stocks at the licensed premises, for use as liquor for sale and service  
19 at event locations at a specified date and place not currently licensed  
20 by the board. If the event is open to the public, it must be sponsored  
21 by a society or organization as defined by RCW 66.24.375. If  
22 attendance at the event is limited to members or invited guests of the  
23 sponsoring individual, society, or organization, the requirement that  
24 the sponsor must be a society or organization as defined by RCW  
25 66.24.375 is waived. Cost of the endorsement is three hundred fifty  
26 dollars.

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

33 (5) The board may issue an endorsement to the beer, wine, and  
34 spirits sports/entertainment facility license that allows the holder of  
35 a beer, wine, and spirits sports/entertainment facility license to sell  
36 for off-premises consumption wine vinted and bottled in the state of  
37 Washington and carrying a label exclusive to the license holder selling

1 the wine. Spirits and beer may not be sold for off-premises  
2 consumption under this section. The annual fee for the endorsement  
3 under this section is one hundred twenty dollars.

4 (6)(a) A licensee and an affiliated business may enter into  
5 arrangements with a manufacturer, importer, or distributor for brand  
6 advertising at the sports/entertainment facility or promotion of events  
7 held at the sports/entertainment facility, with a capacity of five  
8 thousand people or more. The financial arrangements providing for the  
9 brand advertising or promotion of events shall not be used as an  
10 inducement to purchase the products of the manufacturer, importer, or  
11 distributor entering into the arrangement nor shall it result in the  
12 exclusion of brands or products of other companies.

13 (b) The arrangements allowed under this subsection (6) are an  
14 exception to arrangements prohibited under RCW 66.28.010. The board  
15 shall monitor the impacts of these arrangements. The board may conduct  
16 audits of the licensee and the affiliated business to determine  
17 compliance with this subsection (6). Audits may include but are not  
18 limited to product selection at the facility; purchase patterns of the  
19 licensee; contracts with the liquor manufacturer, importer, or  
20 distributor; and the amount allocated or used for liquor advertising by  
21 the licensee, affiliated business, manufacturer, importer, or  
22 distributor under the arrangements.

23 (c) The board shall report to the appropriate committees of the  
24 legislature by December 30, 2008, and biennially thereafter, on the  
25 impacts of arrangements allowed between sports/entertainment licensees  
26 and liquor manufacturers, importers, and distributors for brand  
27 advertising and promotion of events at the facility.

Passed by the Senate April 16, 2007.

Passed by the House April 5, 2007.

Approved by the Governor May 8, 2007.

Filed in Office of Secretary of State May 10, 2007.