
HOUSE BILL 2577

State of Washington

64th Legislature

2016 Regular Session

By Representatives Wylie, Blake, S. Hunt, Vick, and Kretz

Read first time 01/15/16. Referred to Committee on Commerce & Gaming.

1 AN ACT Relating to authorizing preferential pricing for spirits
2 and wine sold to on-premises licensees; amending RCW 66.28.170;
3 creating a new section; and repealing RCW 66.24.440.

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

5 NEW SECTION. **Sec. 1.** (1) In 2011 the voters of the state
6 approved Initiative Measure No. 1183, which terminated the state's
7 operation of the retail sale and distribution of spirits and made
8 other regulatory changes affecting the sale and distribution of
9 spirits and wine by private entities.

10 (2) The legislature has long recognized that restaurants afford
11 consumers the opportunity to try different wine and spirits products
12 prior to purchasing said products at an authorized retail outlet. In
13 1949 the legislature enacted RCW 66.24.440, which required state
14 liquor stores to sell spirits to restaurants with at least a fifteen
15 percent discount.

16 (3) The practice of giving restaurants and other on-premises
17 licensees preferential pricing is referred to as channel pricing and
18 occurs throughout the United States, whether the state is a control
19 state or authorizes private market sales and distribution of spirits
20 and wine.

1 (4) While Initiative Measure No. 1183 specifically authorized the
2 use of discounts based on the volume of spirits or wine purchased and
3 other efficiencies, such as delivery to a central warehouse, the
4 initiative did not specifically authorize the use of discounts to on-
5 premises licensees based solely on their status; moreover RCW
6 66.24.440 is no longer applicable because the state no longer
7 operates state-owned liquor stores.

8 (5) By enacting section 2 of this act the legislature intends to
9 restore the policy of authorizing preferential pricing of spirits and
10 wine sold to on-premises licensees.

11 **Sec. 2.** RCW 66.28.170 and 2012 c 2 s 119 are each amended to
12 read as follows:

13 It is unlawful for a manufacturer of spirits, wine, or malt
14 beverages holding a certificate of approval or the manufacturer's
15 authorized representative, a distillery, brewery, or a domestic
16 winery to discriminate in price in selling to any purchaser for
17 resale in the state of Washington. Offering on-premises retailers
18 different prices or a different pricing structure for wine or spirits
19 than offered to off-premises retailers does not discriminate in price
20 and is lawful, so long as a particular price or pricing structure for
21 wine or spirits offered to one on-premises retailer is made
22 reasonably available to all on-premises retailers and a particular
23 price or pricing structure for wine or spirits offered to one off-
24 premises retailer is made reasonably available to all off-premises
25 retailers. Subject to and in accordance with the foregoing, price
26 differentials for sales of spirits or wine based upon competitive
27 conditions, costs of servicing a purchaser's account, efficiencies in
28 handling goods, or other such bona fide business factors, to the
29 extent the differentials are not unlawful under trade regulation laws
30 applicable to goods of all kinds, do not violate this section.

31 NEW SECTION. **Sec. 3.** RCW 66.24.440 (Liquor by the drink,
32 spirits, beer, and wine restaurant, spirits, beer, and wine private
33 club, hotel, spirits, beer, and wine nightclub, sports entertainment
34 facility, and VIP airport lounge license—Purchase of liquor by
35 licensees—Discount) and 2011 c 325 s 3, 2009 c 271 s 8, 2007 c 370 s

1 20, 1998 c 126 s 8, 1997 c 321 s 29, & 1949 c 5 s 5 are each
2 repealed.

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