

CERTIFICATION OF ENROLLMENT

SENATE BILL 6601

Chapter 109, Laws of 2002

57th Legislature
2002 Regular Session

LIQUOR SALES--LEASED PROPERTY

EFFECTIVE DATE: 6/13/02

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

BRAD OWEN

President of the Senate

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

FRANK CHOPP

**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.

TONY M. COOK

Secretary

Approved March 22, 2002

FILED

March 22, 2002 - 1:06 p.m.

GARY LOCKE

Governor of the State of Washington

**Secretary of State
State of Washington**

SENATE BILL 6601

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.

Passed the Senate February 14, 2002.

Passed the House March 6, 2002.

Approved by the Governor March 22, 2002.

Filed in Office of Secretary of State March 22, 2002.