
SENATE BILL 5825

State of Washington

58th Legislature

2003 Regular Session

By Senator Jacobsen

Read first time 02/13/2003. Referred to Committee on Commerce & Trade.

1 AN ACT Relating to wine importer's license holders; and amending
2 RCW 66.28.010 and 66.24.203.

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

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

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

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

37 (b) Nothing in this section shall prohibit a licensed domestic
38 brewery or microbrewery from being licensed as a retailer pursuant to

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

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

22 (d) Nothing in this section prohibits the holder of a wine importer
23 license issued under RCW 66.24.203 from having an interest directly or
24 indirectly in a beer and/or wine specialty shop license issued under
25 RCW 66.24.371.

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

37 (3)(a) This section does not prohibit a manufacturer, importer, or
38 distributor from providing services to a special occasion licensee for:

1 (i) Installation of draft beer dispensing equipment or advertising,
2 (ii) advertising, pouring, or dispensing of beer or wine at a beer or
3 wine tasting exhibition or judging event, or (iii) a special occasion
4 licensee from receiving any such services as may be provided by a
5 manufacturer, importer, or distributor. Nothing in this section shall
6 prohibit a retail licensee, or any person financially interested,
7 directly or indirectly, in such a retail licensee from having a
8 financial interest, direct or indirect, in a business which provides,
9 for a compensation commensurate in value to the services provided,
10 bottling, canning or other services to a manufacturer, so long as the
11 retail licensee or person interested therein has no direct financial
12 interest in or control of said manufacturer.

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

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

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

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

29 **Sec. 2.** RCW 66.24.203 and 1997 c 321 s 6 are each amended to read
30 as follows:

31 There shall be a license for wine importers that authorizes the
32 licensee to import wine manufactured within the United States by
33 certificate of approval holders (W7) into the state of Washington. The
34 licensee may also import wine manufactured outside the United States.

35 (1) Wine so imported may be sold to licensed wine distributors or
36 exported from the state, and may be sold at retail by the licensee,

1 solely at a wine specialty shop owned by that licensee, if that
2 licensee holds a valid beer and/or wine specialty shop license issued
3 under RCW 66.24.371.

4 (2) Every person, firm, or corporation licensed as a wine importer
5 shall establish and maintain a principal office within the state at
6 which shall be kept proper records of all wine imported into the state
7 under this license.

8 (3) No wine importer's license shall be granted to a nonresident of
9 the state nor to a corporation whose principal place of business is
10 outside the state until such applicant has established a principal
11 office and agent within the state upon which service can be made.

12 (4) As a requirement for license approval, a wine importer shall
13 enter into a written agreement with the board to furnish on or before
14 the twentieth day of each month, a report under oath, detailing the
15 quantity of wine sold or delivered to each licensed wine distributor.
16 Failure to file such reports may result in the suspension or
17 cancellation of this license.

18 (5) Wine imported under this license must conform to the provisions
19 of RCW 66.28.110 and have received label approval from the board. The
20 board shall not certify wines labeled with names that may be confused
21 with other nonalcoholic beverages whether manufactured or produced from
22 a domestic winery or imported nor wines that fail to meet quality
23 standards established by the board.

24 (6) The license fee shall be one hundred sixty dollars per year.

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