
SENATE BILL 6133

State of Washington

58th Legislature

2004 Regular Session

By Senator Honeyford

Read first time 01/12/2004. Referred to Committee on Commerce & Trade.

1 AN ACT Relating to financial interests between retail liquor
2 licensees and liquor manufacturers; and amending RCW 66.28.010.

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 shall prohibit a licensed retail
23 business from having a direct or indirect financial interest in a
24 manufacturer, or a manufacturer from having a direct or indirect
25 financial interest in a licensed retail business, as long as the
26 licensed retail business does not sell any liquor manufactured,
27 directly or indirectly, by the manufacturer.

28 (2) Financial interest, direct or indirect, as used in this
29 section, shall include any interest, whether by stock ownership,
30 mortgage, lien, or through interlocking directors, or otherwise.
31 Pursuant to rules promulgated by the board in accordance with chapter
32 34.05 RCW manufacturers, distributors, and importers may perform, and
33 retailers may accept the service of building, rotating and restocking
34 case displays and stock room inventories; rotating and rearranging can
35 and bottle displays of their own products; provide point of sale
36 material and brand signs; price case goods of their own brands; and
37 perform such similar normal business services as the board may by
38 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.

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