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**SUBSTITUTE HOUSE BILL 3150**

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**State of Washington**

**59th Legislature**

**2006 Regular Session**

**By** House Committee on Commerce & Labor (originally sponsored by Representatives Condotta, Linville, Kenney, Chase, Kessler, Conway, Holmquist, Morrell, Newhouse and Armstrong)

READ FIRST TIME 02/03/06.

1 AN ACT Relating to efforts to promote the wine industry; and  
2 reenacting 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 2004 c 160 s 9 and 2004 c 62 s 1 are  
5 each reenacted and amended to read as follows:

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

1 control or undue influence over the operation or the retail licensee;  
2 nor shall any manufacturer, importer, distributor, or authorized  
3 representative own any of the property upon which such licensed persons  
4 conduct their business; nor shall any such licensed person, under any  
5 arrangement whatsoever, conduct his or her business upon property in  
6 which any manufacturer, importer, distributor, or authorized  
7 representative has any interest unless title to that property is owned  
8 by a corporation in which a manufacturer has no direct stock ownership  
9 and there are no interlocking officers or directors, the retail license  
10 is held by a corporation that is not owned directly or indirectly by  
11 the manufacturer, the sales of liquor are incidental to the primary  
12 activity of operating the property either as a hotel or as an  
13 amphitheater offering live musical and similar live entertainment  
14 activities to the public, alcoholic beverages produced by the  
15 manufacturer or any of its subsidiaries are not sold at the licensed  
16 premises, and the board reviews the ownership and proposed method of  
17 operation of all involved entities and determines that there will not  
18 be an unacceptable level of control or undue influence over the  
19 operation of the retail licensee. Except as provided in subsection (3)  
20 of this section, no manufacturer, importer, distributor, or authorized  
21 representative shall advance moneys or moneys' worth to a licensed  
22 person under an arrangement, nor shall such licensed person receive,  
23 under an arrangement, an advance of moneys or moneys' worth. "Person"  
24 as used in this section only shall not include those state or federally  
25 chartered banks, state or federally chartered savings and loan  
26 associations, state or federally chartered mutual savings banks, or  
27 institutional investors which are not controlled directly or indirectly  
28 by a manufacturer, importer, distributor, or authorized representative  
29 as long as the bank, savings and loan association, or institutional  
30 investor does not influence or attempt to influence the purchasing  
31 practices of the retailer with respect to alcoholic beverages. Except  
32 as otherwise provided in this section, no manufacturer, importer,  
33 distributor, or authorized representative shall be eligible to receive  
34 or hold a retail license under this title, nor shall such manufacturer,  
35 importer, distributor, or authorized representative sell at retail any  
36 liquor as herein defined. A corporation granted an exemption under  
37 this subsection may use debt instruments issued in connection with  
38 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 (d) Nothing in this section prohibits retail licensees with a  
25 caterer's endorsement issued under RCW 66.24.320 or 66.24.420 from  
26 operating on a domestic winery premises.

27 (e) Nothing in this section prohibits domestic wineries and  
28 retailers licensed under chapter 66.24 RCW from jointly producing  
29 brochures and materials promoting tourism in Washington state which  
30 contain information regarding retail licensees, domestic wineries, and  
31 their products.

32 (f) Nothing in this section prohibits domestic wineries and retail  
33 licensees from identifying the wineries on private labels authorized  
34 under RCW 66.24.400, 66.24.425, and 66.24.450.

35 (2) Financial interest, direct or indirect, as used in this  
36 section, shall include any interest, whether by stock ownership,  
37 mortgage, lien, or through interlocking directors, or otherwise.  
38 Pursuant to rules promulgated by the board in accordance with chapter

1 34.05 RCW manufacturers, distributors, and importers may perform, and  
2 retailers may accept the service of building, rotating and restocking  
3 case displays and stock room inventories; rotating and rearranging can  
4 and bottle displays of their own products; provide point of sale  
5 material and brand signs; price case goods of their own brands; and  
6 perform such similar normal business services as the board may by  
7 regulation prescribe.

8 (3)(a) This section does not prohibit a manufacturer, importer, or  
9 distributor from providing services to a special occasion licensee for:  
10 (i) Installation of draft beer dispensing equipment or advertising,  
11 (ii) advertising, pouring, or dispensing of beer or wine at a beer or  
12 wine tasting exhibition or judging event, or (iii) a special occasion  
13 licensee from receiving any such services as may be provided by a  
14 manufacturer, importer, or distributor. Nothing in this section shall  
15 prohibit a retail licensee, or any person financially interested,  
16 directly or indirectly, in such a retail licensee from having a  
17 financial interest, direct or indirect, in a business which provides,  
18 for a compensation commensurate in value to the services provided,  
19 bottling, canning or other services to a manufacturer, so long as the  
20 retail licensee or person interested therein has no direct financial  
21 interest in or control of said manufacturer.

22 (b) A person holding contractual rights to payment from selling a  
23 liquor distributor's business and transferring the license shall not be  
24 deemed to have a financial interest under this section if the person  
25 (i) lacks any ownership in or control of the distributor, (ii) is not  
26 employed by the distributor, and (iii) does not influence or attempt to  
27 influence liquor purchases by retail liquor licensees from the  
28 distributor.

29 (c) The board shall adopt such rules as are deemed necessary to  
30 carry out the purposes and provisions of subsection (3)(a) of this  
31 section in accordance with the administrative procedure act, chapter  
32 34.05 RCW.

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

35 (5) A public house license issued under RCW 66.24.580 does not  
36 violate the provisions of this section as to a retailer having an

1 interest directly or indirectly in a liquor-licensed manufacturer.

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