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SENATE BILL 5175

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State of Washington

54th Legislature

1995 Regular Session

By Senators Pelz and Deccio; by request of Liquor Control Board

Read first time 01/13/95. Referred to Committee on Labor, Commerce & Trade.

1 AN ACT Relating to certain retail liquor licensees being licensed  
2 as 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 1994 c 63 s 1 are each amended to read  
5 as follows:

6 (1) No manufacturer, importer, or wholesaler, or person financially  
7 interested, directly or indirectly, in such business, whether resident  
8 or nonresident, shall have any financial interest, direct or indirect,  
9 in any licensed retail business, nor shall any manufacturer, importer,  
10 or wholesaler own any of the property upon which such licensed persons  
11 conduct their business, nor shall any such licensed person, under any  
12 arrangement whatsoever, conduct his or her business upon property in  
13 which any manufacturer, importer, or wholesaler has any interest.  
14 Except as provided in subsection (3) of this section, no manufacturer,  
15 importer, or wholesaler shall advance moneys or moneys' worth to a  
16 licensed person under an arrangement, nor shall such licensed person  
17 receive, under an arrangement, an advance of moneys or moneys' worth(  
18 ~~PROVIDED, That~~). "Person" as used in this section only shall not  
19 include those state or federally chartered banks, state or federally

1 chartered savings and loan associations, state or federally chartered  
2 mutual savings banks, or institutional investors which are not  
3 controlled directly or indirectly by a manufacturer, importer, or  
4 wholesaler as long as the bank, savings and loan association, or  
5 institutional investor does not influence or attempt to influence the  
6 purchasing practices of the retailer with respect to alcoholic  
7 beverages. No manufacturer, importer, or wholesaler shall be eligible  
8 to receive or hold a retail license under this title, nor shall such  
9 manufacturer, importer, or wholesaler sell at retail any liquor as  
10 herein defined(~~(: PROVIDED, That)~~). Nothing in this section shall  
11 prohibit a licensed brewer from being licensed as a retailer pursuant  
12 to chapter 66.24 RCW for the purpose of selling beer or wine at retail  
13 on the brewery premises and nothing in this section shall prohibit a  
14 domestic winery from being licensed as a retailer pursuant to chapter  
15 66.24 RCW for the purpose of selling beer or wine at retail on the  
16 winery premises. Such beer and wine so sold at retail shall be subject  
17 to the taxes imposed by RCW 66.24.290 and 66.24.210 and to reporting  
18 and bonding requirements as prescribed by regulations adopted by the  
19 board pursuant to chapter 34.05 RCW, and beer and wine that is not  
20 produced by the brewery or winery shall be purchased from a licensed  
21 beer or wine wholesaler(~~(: PROVIDED FURTHER, That)~~). Nothing in this  
22 section shall prohibit a licensed brewer or domestic winery, or a  
23 lessee of a licensed brewer or domestic winery, from being licensed as  
24 a class H restaurant pursuant to chapter 66.24 RCW for the purpose of  
25 selling liquor at a class H premises on the property on which the  
26 primary manufacturing facility of the licensed brewer or domestic  
27 winery is located or on contiguous property owned by the licensed  
28 brewer or domestic winery as prescribed by regulations adopted by the  
29 board pursuant to chapter 34.05 RCW. Nothing in this section shall  
30 prohibit the holder of a retail class A, B, C, D, or H license from  
31 being licensed as either a brewery or domestic winery if the retail  
32 licensee qualifies for such license after making application to the  
33 board.

34 (2) Financial interest, direct or indirect, as used in this  
35 section, shall include any interest, whether by stock ownership,  
36 mortgage, lien, or through interlocking directors, or otherwise.  
37 Pursuant to rules promulgated by the board in accordance with chapter  
38 34.05 RCW manufacturers, wholesalers and importers may perform, and  
39 retailers may accept the service of building, rotating and restocking

1 case displays and stock room inventories; rotating and rearranging can  
2 and bottle displays of their own products; provide point of sale  
3 material and brand signs; price case goods of their own brands; and  
4 perform such similar normal business services as the board may by  
5 regulation prescribe.

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

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

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

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

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