



**Bill Title: Beer and Wine Regulation**

**Bill Number: EHB 2040**

**Effective Date: July 26, 2009**

**Amends RCW 66.28.180, Repeals RCW 66.28.010, and creates nine new sections in RCW 66.28**

**Background:**

In 2008 the Legislature established a Joint Select Committee on Beer and Wine Regulation (Select Committee) to review laws relating to the manufacture, distribution, and sale of beer and wine. The Select Committee met during the 2008 interim and produced a final report with recommendations. This legislation is the result of those recommendations.

**Summary:**

The following tied house categories are affected by this legislation:

- Financial Interest and Ownership
- Money's Worth – Advertising
- Price Post and Hold
- Minimum Mark-up

Definitions are added to include the following:

- Adverse impact on health or safety
- Affiliate
- Industry Member
- Person
- Retailer
- Undue influence

**Financial Interest and Ownership**

Permits financial interest between liquor manufacturers, distributors, and retailers under certain conditions. It is lawful for an industry member to have a direct or indirect financial interest in another industry member or a retailer unless the interest has resulted in or is more likely than not to result in:

- undue influence over the retailer or industry member; or
- an adverse impact on public health and safety.

A complaint process is established:

- Any person may file a complaint or request for determination with the Washington State Liquor Control Board (WSLCB) asserting undue influence or an adverse impact on public health or safety;

- The WSLCB may investigate and issue an AVN or notice of intent to deny the license, or both; and
- The WSLCB may require that a transaction be undone.

### **Money's Worth - Advertising**

Industry members may not advance to a retailer, and a retailer may not receive from an industry member, money's worth under any business practice or arrangement.

A new exception allows branded promotional items of nominal value, singly or in the aggregate. Items that may be provided include:

- Trays, lighters, blotters, postcards, coasters, menu cards, meal checks, napkins, clocks, mugs, glasses, hats, visors, and similar items.

The items must be used exclusively by the retailer or the retailer's employees in a manner consistent with the liquor license:

- Items must bear imprinted matter of the industry member only;
- Items may not be provided to retail customers; and
- Items may not be targeted to or appeal principally to youth.

A complaint process is established for branded promotional items similar to the complaint process for financial interest and ownership:

- Any person may file a complaint with the WSLCB asserting undue influence or an adverse impact on public health or safety, or that the provision of the items is otherwise inconsistent with the requirements for promotional items; and
- The WSLCB may investigate and issue an AVN.

### **Price Post and Hold**

The requirement for beer and wine suppliers and distributors to file prices with the WSLCB and hold the price for 30 days is removed. Suppliers and distributors must maintain price lists at their licensed locations.

### **Minimum Mark-up**

The requirement that suppliers mark-up prices to distributors or retailers and that distributors mark-up their prices to retailers by 10 percent of production/acquisition cost is removed. No price may be below acquisition cost.