

## **TIED HOUSE LAW - MONEYS' WORTH**

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### **Laws and Rules**

The "moneys' worth" part of the tied house law states that no manufacturer, importer, distributor, or authorized representative (MDI) may "advance moneys or moneys' worth" to a licensed person [retailer]. The tied-house law also prohibits any licensed person from receiving moneys' worth. RCW 66.28.010.

A Liquor Control Board (board) rule prohibits a MDI from giving to a retailer (and a retailer from giving to a MDI) any "gifts, discounts, loans of money, premiums, rebates, free liquor of any kind, treats or services of any nature" except as authorized. In addition, a MDI may not give or lend to a retailer (and a retailer may not give or lend to a MDI), any equipment, fixtures, supplies or property of any kind unless otherwise authorized. Sales of equipment, fixtures, supplies or property must be on a cash basis and the price must not be more favorable than that given to nonlicensed retailers. WAC 314-12-140.

A number of exceptions have been enacted. (Advertising and credit exceptions are discussed in a separate handout.)

Services. A MDI may provide display and stocking services, price case goods, and perform other "normal business services." RCW 66.28.010(2). By rule, the board allows a MDI to provide sales analysis of beer and wine products for the purpose of proposing a schematic display. WAC 314-12-140(4)(d). A manufacturer or distributor may also provide a retailer devices to mark beer or wine taps, can openers, bottle openers, and corkscrews. These must be at a nominal value or cost to the manufacturer or distributor. WAC 314-16-020.

A winery may provide certain personal services for a retailer, which may include pouring at a restaurant and bottle signings. RCW 66.28.010(1)(h).

Gifts of liquor and business entertainment. Other exceptions allow a MDI to provide:

- Samples of beer and wine to retailers to negotiate a sale. RCW 66.28.040.
- Food, beverages, and ground transportation to retailers and their employees for business meetings. RCW 66.28.042.
- Tickets to athletic events or other forms of entertainment in Washington, if the MDI accompanies the retailer or employees. A MDI may also provide food, beverages, and transportation for the activity. RCW 66.28.043.
- Liquor at a trade convention of licensees, by permit. RCW 66.20.010(8) and (9).

Courses of instruction. A MDI may conduct courses of instruction for retailers and employees, and may provide beer, wine, equipment, materials, and utensils in connection with the instruction. RCW 66.28.150; WAC 314-12-141. A MDI may also conduct educational activities for consumers on retailer premises. RCW 66.28.155.

## **Brief History**

- 1935 Law passes adding "moneys' worth" to the tied house law. Laws of 1935, Chapter 174.
- 1976 Law passes allowing a MDI to provide display and stocking services, price case goods, and perform other "normal business services." Laws of 1976 2<sup>nd</sup> Ex. Sess., Chapter 74.
- 1976 Law passes creating permit to allow a MDI to serve liquor at a trade convention. Laws of 1976, Chapter 62.
- 1981 Law passes allowing a MDI to provide samples to retailers to negotiate a sale. Laws of 1981, Chapter 182.
- 1982 Law passes allowing a MDI to provide certain services to a special occasion licensee: beer tapping equipment and advertising, and advertising and pouring services at a wine tasting or judging event. Laws of 1982, Chapter 85.
- 1984 Law passes allowing a MDI to conduct educational activities for consumers on retail premises. Laws of 1984, Chapter 196.
- 1982 Law passes allowing MDI or conduct courses of instruction. Laws of 1982 1<sup>st</sup> Ex. Sess., Chapter 26.
- 1990 Law passes allowing a MDI to provide tickets, food, beverages, and transportation to athletic events and other entertainment and for business meetings. Laws of 1990, Chapter 125.
- 1994 Law passes allowing a MDI to provide advertising and pouring services at a beer, as well as wine, tasting or judging event. Laws of 1994, Chapter 63.

## **Federal Law/Laws of Other States**

The Federal Alcohol Administration Act (Act) prohibits a MDI from inducing a retailer to purchase alcohol to the exclusion of alcohol offered for sale by others by offering things of value. The Act does not regulate retailers and applies to beer only to the extent a similar state law exists. 27 U.S.C. § 205(b).

The related table provides examples of moneys' worth provisions, including advertising, in other states.