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## Commerce & Gaming Committee

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### HB 2517

**Brief Description:** Concerning penalties for alcohol manufacturers who have committed violations as part of its ancillary activities.

**Sponsors:** Representatives Stonier, Vick, Kirby and Jenkin.

#### Brief Summary of Bill

- Requires the Liquor and Cannabis Board (LCB) to adopt, by rule, a schedule of penalties applicable to a licensed alcohol manufacturer who has committed a regulatory violation as part of the licensee's "ancillary activities".
- Defines "ancillary activities" to mean activities by a licensee involving the public and relating to serving samples, operating a tasting room, conducting retail sales, serving alcohol under a restaurant license, or serving alcohol with a special occasion license.
- Establishes a schedule of penalties establishing the basic types of administrative penalties that the LCB may prescribe by rule for regulatory violations by licensed alcohol manufacturers.
- Establishes that the schedule of penalties may not include the suspension, revocation, or cancellation of an alcohol manufacturer's license.
- Establishes that the range and severity of the penalties that may be imposed on an alcohol manufacturer may not exceed those applicable to a retail licensee for a similar violation.

**Hearing Date:** 1/16/18

**Staff:** Thamas Osborn (786-7129).

#### Background:

Pursuant to statute, the Liquor and Cannabis Board (LCB) has sweeping authority to adopt the administrative rules necessary to implement and enforce the provisions of Title 66 RCW. The statutory provisions establishing the powers of the LCB include language that allows the LCB to

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impose penalties for violations of virtually any licensing or regulatory requirement, including regulatory violations relating to public sales and marketing activities by alcohol manufacturers. Generally, the specific nature of the administrative penalties that the LCB may impose for regulatory violations are not prescribed in statute.

**Summary of Bill:**

The state Liquor and Cannabis Board must, by administrative rule, adopt a schedule of penalties applicable to a licensed alcohol manufacturer who has committed a regulatory violation as part of the licensee's ancillary activities. "Ancillary activities" are defined to mean activities by a licensee involving the public and relating to serving samples, operating a tasting room, conducting retail sales, serving alcohol under a restaurant license, or serving alcohol with a special occasion license.

The schedule of penalties adopted by the LCB may include:

- the issuance of a monetary penalty;
- the suspension, revocation, or cancellation of the licensee's ability to conduct ancillary activities; or
- a monetary option in lieu of suspension or revocation.

The schedule of penalties may not include the suspension, revocation, or cancellation of an alcohol manufacturer's license. In addition, the range and severity of such penalties may not exceed those applicable to a retail licensee for a similar violation.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.