



Notice of Permanent Rules to implement 2018 liquor legislation (HB 2517) regarding ancillary activity violations by manufacturers

This explanatory statement concerns the Washington State Liquor and Cannabis Board's adoption of rules to implement HB 2517, which passed during the 2018 legislative session and added a new section to chapter 66.24 RCW.

The Administrative Procedure Act (RCW 34.05.325(6)) requires agencies to complete a concise explanatory statement before filing adopted rules with the Office of the Code Reviser. This statement must be provided to anyone who gave comment about the proposed rulemaking.

The Liquor and Cannabis Board appreciates your involvement in this rule making process. If you have any questions, please contact Janette Benham, Policy and Rules Coordinator, at (360) 664-1760 or e-mail at rules@lcb.wa.gov.

Background and reasons for adopting this rule

Rulemaking is necessary to implement HB 2517 which passed during the 2018 legislative session. HB 2517 added a new section to chapter 66.24 RCW and directed the board to adopt rules and establish a schedule of penalties for a licensed alcohol manufacturer who has committed a violation as part of the licensee's ancillary activities. The rules define ancillary activities, and refer to the schedules of penalties for both ancillary activities and manufacturing activities. The rules ensure that the manufacturing license will not be suspended, revoked, or cancelled because of ancillary activity violations. Additional changes were made to the rules to correct references to the WSLCB and provide clarification where needed.

Summary of all public comments received on this rule proposal.

CR 101 – filed April 4, 2018
CR 102 – filed August 8, 2018
Public Hearing held October 3, 2018

Two comments were received at the October 3, 2018 public hearing. No written comments were received.

Below is a summary of comments received.

- 1. Annie McGrath, Washington Brewer's Guild** – Appreciated the clear approach to implementing legislation. Requested that a reference to distribution be added to clarify that distribution won't be affected for ancillary activity violations.



Washington State Liquor and Cannabis Board

WSLCB response: Thank you for your comments. The change was not made to the rules. Distribution is allowed under manufacturing licenses per chapter 66.24 RCW. If a manufacturing license won't be suspended, revoked, or cancelled because of ancillary activity violations, the ability to distribute under that license will not be affected.

- 2. Josh McDonald, Washington Wine Institute** – Agreed with testimony from Annie McGrath and also requested that a reference to distribution be added to clarify that distribution won't be affected for ancillary activity violations.

WSLCB response: Thank you for your comments. The change was not made to the rules. Distribution is allowed under manufacturing licenses per chapter 66.24 RCW. If a manufacturing license won't be suspended, revoked, or cancelled because of ancillary activity violations, the ability to distribute under that license will not be affected.

WAC Changes

See attachment.