

# SENATE BILL REPORT

## HB 1838

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As of March 27, 2019

**Title:** An act relating to public disclosure of unaggregated financial, proprietary, or commercial information submitted to the liquor and cannabis board by a licensed distillery.

**Brief Description:** Exempting certain licensed distillery information from public disclosure.

**Sponsors:** Representatives Walsh, Goehner, Hudgins, Gregerson and Stanford.

**Brief History:** Passed House: 3/09/19, 94-2.

**Committee Activity:** State Government, Tribal Relations & Elections: 3/27/19.

### Brief Summary of Bill

- Exempts certain unaggregated financial, proprietary, or commercial information obtained from distillery applicants and licensees from disclosure under the Public Records Act.

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## SENATE COMMITTEE ON STATE GOVERNMENT, TRIBAL RELATIONS & ELECTIONS

**Staff:** Jarrett Sacks (786-7448)

**Background:** Licensed Distilleries. The Liquor and Cannabis Board (LCB) issues licenses to distillers to distill, blend, rectify and bottle spirits. Distillers producing 150,000 gallons or less of spirits with at least half of the raw materials used in the production grown in Washington are considered craft distilleries and pay a reduced license fee.

By rule, a distillery licensee is required to submit copies of its monthly records to the LCB, which contain financial information including, but not limited to, spirit production totals and daily sales details.

Public Records Act. The Public Records Act (PRA) requires state and local agencies to disclose requested written records to the public for inspection and copying upon request, unless the information fits into one of the various specific exemptions under the PRA or as otherwise provided in law. For example, certain financial, commercial, and proprietary information is exempt from public inspection and copying.

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**Summary of Bill:** Unaggregated financial, proprietary, or commercial information submitted to, or obtained by, the LCB in applications for distillery or craft distillery licenses, or in any reports or remittances submitted by distillery or craft distillery licensees, is exempt from disclosure under the PRA.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: There are a growing number of distilleries in the state and the bill protects their proprietary information. State law requires they submit detailed financial disclosures to the LCB and currently those are public records. Competitors can use those records to gain a competitive advantage. The bill protects Washington businesses by protecting their intellectual property.

OTHER: Proprietary business information is not necessary for the public to know. This type of commercial information is valuable to competitors and should not be disclosed.

**Persons Testifying:** PRO: Representative Jim Walsh, Prime Sponsor; Justin Stiefel, Heritage Distilling Company.

OTHER: Rowland Thompson, Allied Daily Newspapers of Washington.

**Persons Signed In To Testify But Not Testifying:** No one.