

HOUSE BILL REPORT

SHB 2275

*As Passed House
February 11, 1992*

Title: An act relating to a commercial salmon producers commodity commission.

Brief Description: Authorizing commercial salmon producers to form a commodity commission.

Sponsor(s): Representatives R. King, Haugen, Basich, Jones, Wilson, Orr and Spanel.

Brief History:

Reported by House Committee on:
Fisheries & Wildlife, February 4, 1992, DPS;
Passed House, February 11, 1992, 95-0.

**HOUSE COMMITTEE ON
FISHERIES & WILDLIFE**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 9 members: Representatives R. King, Chair; Wilson, Ranking Minority Member; Fuhrman, Assistant Ranking Minority Member; G. Cole; Haugen; Hochstatter; Orr; Padden; and Spanel.

Staff: Keitlyn Watson (786-7310).

Background:

Agricultural commodity commissions or boards are producer-controlled organizations designed to improve the market for a particular agricultural commodity. Funding for activities of these boards or commissions is derived from mandatory assessments on the specific product or products for which they are formed. They have become popular in solving particular industry problems. Some of their popularity is based on the theory that every producer benefits in proportion to the amount of product he or she markets.

History

In 1937, the Legislature established the Washington State Apple Advertising Commission. Shortly thereafter, the Dairy Commission and Fruit Commission were established in statute. In 1954, grange organizations asked the Legislature to

authorize farmers to form commissions under rules set by the Department of Agriculture. In 1955, the Agricultural Enabling Act was passed, which authorized the formation of commodity commissions for the purpose of marketing agricultural products, and which gave rise to a number of commissions. In 1961, another Agricultural Enabling Act was passed authorizing commodity boards, which are directly accountable to the Department of Agriculture.

Washington currently has 22 commodity commissions that affect over 29 different crops and most of the cattle. The total value of the farm products affected is over 80 percent of the total for the state. In 1991, commodity commissions raised over \$40 million for one or more of the following kinds of programs: advertising and promotion, production and marketing research, improvements of grades and standards, investigation of unfair trade practices, and education.

Commissions or Boards

In statute, a commodity commission is provided with more autonomy than a commodity board. Decisions of a commodity board may be rejected by the Department of Agriculture, whose representative on the board has the power to approve or disapprove every order, rule or directive issued by the board. In practice, the commission and boards function in much the same way.

Procedures for Establishing a Commission or Board

In general, producers who wish to form a commodity commission or board petition the Department of Agriculture to issue a marketing order. The marketing order specifies which types of crops and areas in which producers operate should be included in the order, and, through a formal public process involving potentially affected producers, determine by referendum whether a majority of respondents to the referendum agree to the formation of a commission or board. Commission or board funding is generated by an assessment on product value.

Purposes of Marketing Orders

In general, a marketing order for a commodity commission or board may be made for:

- (1) advertising, sales promotion, and market expansion,
- (2) research,
- (3) improving standards and grades, or
- (4) preventing unfair trade practices.

Under current law, the enhancement of the commodity itself is not explicitly included in the list of purposes for which the commissions or boards are created.

Definitions of Agricultural Commodity and Producer

An agricultural commodity, for the purposes of forming a commission or board, is defined in statute as any animal or any distinctive type of agricultural, horticultural, viticultural, vegetable, and/or animal product, including, but not limited to, products qualifying as organic food products and private sector cultured aquatic products and other fish and fish products, within its natural or processed state, including bees and honey and Christmas trees but not including timber or timber products.

A producer is defined in statute as any person engaged in the business of producing or causing to be produced for market in commercial quantities any agricultural commodity.

Summary of Bill:

The definition of agricultural commodity in existing law pertaining to commodity commissions is expanded to include commercially harvested salmon. The definition of producer in existing law pertaining to commodity commissions is expanded to include commercial harvesters and processors of salmon harvested in the waters of the state of Washington or pursuant to a commercial fishing license issued by the state of Washington.

Washington commercial salmon producers that elect to form a commodity commission are authorized, once the commission is established according to the Department of Agriculture's procedures, to expend commission funds for and engage in salmon habitat restoration and improvement, lost fishing net recovery, salmon production work, paying interns to work for the Department of Fisheries, any other purpose that advances or benefits the Washington salmon resource, and soliciting and expending grant funds from private and governmental sources for these activities.

Fiscal Note: Not requested.

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

Testimony For: The industry needs this to improve marketing capability.

Testimony Against: None.

Witnesses: Don Stuart, Salmon for Washington (in favor);
Doug Fricke, Salmon Advisory Council (in favor); Rob
Zuanich, Purse Seine Vessel Owners Association (in favor);
Randy Ray (Pacific Seafood Processor's Association (in
favor); and Chuck Williams, Salmon for All (in favor).