

SENATE BILL REPORT

SSB 6393

AS PASSED SENATE, FEBRUARY 17, 1992

Brief Description: Instituting fees on dairy producers and handlers and food processors to support WSDA food safety inspection program.

SPONSORS: Senate Committee on Agriculture & Water Resources (originally sponsored by Senator Bailey; by request of Department of Agriculture)

SENATE COMMITTEE ON AGRICULTURE & WATER RESOURCES

Majority Report: That Substitute Senate Bill No. 6393 be substituted therefor, and the substitute bill do pass.

Signed by Senators Barr, Chairman; Anderson, Vice Chairman; Bailey, Conner, and Newhouse.

Staff: Bob Lee (786-7404)

Hearing Dates: January 28, 1992; February 4, 1992

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6393 as recommended by Committee on Agriculture & Water Resources be substituted therefor and the substitute bill do pass.

Signed by Senators McDonald, Chairman; Bailey, Bauer, Bluechel, Gaspard, Metcalf, Murray, Newhouse, Rinehart, Saling, Talmadge, and Wojahn.

Staff: Michael Groesch (786-7715)

Hearing Dates: February 6, 1992; February 10, 1992

HOUSE COMMITTEE ON AGRICULTURE & RURAL DEVELOPMENT

HOUSE COMMITTEE ON APPROPRIATIONS

BACKGROUND:

Currently, the dairy and food inspection program is funded primarily through appropriations from the state general fund. The current fee for obtaining a food processors license is \$25 per year.

The frequency of inspections is largely dependent upon the amount of funds available to the program. There is concern that the amount of general funds available to the program does not provide a sufficient frequency of inspection to assure that only quality food products are provided to consumers.

SUMMARY:

A fee structure is established on milk producers, milk processors and food processors operating in this state.

An annual fee is set for producers of milk. For producers whose production is 3,600,000 pounds or less per year, the fee is \$50. For producers whose production is more than 3,600,000 pounds per year, the fee is \$100.

A fee is established for dairy processors of up to 3/10 of one cent per 100 weight to be set by rule by the Department of Agriculture.

A dairy inspection program advisory committee composed of four producers, four handlers and a producer-handler is created. The committee is to provide the Director of Agriculture with recommendations that are consistent with the pasteurized milk ordinance. The committee is to review and evaluate various aspects of the program, including the efficiency of administration, the adequacy of inspection staff, and the ratio of inspectors to management employees. The committee is also to consider alternatives to the state program such as privatization of various elements of the inspection program. The committee recommendations are to be reported to the agriculture committees of the House and Senate by December 1, 1992.

The license fee for food processing plants is increased. The fee schedule is based on the gross annual sales for the preceding year. The fees range from a minimum of \$50 for smaller processors to \$750 for large processors.

Monies collected from dairy fees and food processing fees are deposited into the agricultural local fund. This fund does not require an appropriation by the Legislature.

Appropriation: none

Revenue: yes

Fiscal Note: requested January 27, 1992

TESTIMONY FOR:

Over the years, the frequency of inspection of dairies and food processing plants has declined due to inadequate appropriations from the general fund. The economic consequences to farmers and processors of the Snohomish Milk Bulk Tank unit failure to pass federal requirements could happen again unless an additional funding source is developed.

TESTIMONY AGAINST:

Milk producers are unable to pass increased costs along and thus any additional fees will result in a loss in income to dairy farmers. The dairy farmer is presently under a high amount of economic stress due to low milk prices and many

dairy farmers are not able to pay additional fees. There is concern that the Department of Agriculture's program may not be administered as efficiently as it could be and there is a lack of agreement whether a funding increase is justified.

TESTIFIED: PRO: Judy Nix, dairy farmer; Charles Boon, dairy farmer; Dan Coyne, Dairy Federation; Debbie Becker, Dairy Federation; Mike Schwisow, Dept. of Agriculture

HOUSE AMENDMENT(S):

The substitute Senate bill requires milk producers to secure a new permit and to pay a permit fee. This requirement was eliminated by the House striking amendment.

To compensate for the reduction in revenue resulting from the elimination of the permit fee on milk producers, the assessment on milk processors of \$0.003/hundred weight in the Senate version is increased to \$0.005/hundred weight by the House amendment.

The dairy inspection program advisory committee is retained and will report to the Legislature by December 1, 1992 on the efficiency of the administration of the program. The House amendment terminates the assessment on dairy processors on June 30, 1994.

The House amendment also removed language directing interest earnings from assessments be deposited into the agricultural local fund.