

HOUSE BILL REPORT

HB 1891

As Reported by House Committee On:
Trade & Economic Development
Appropriations

Title: An act relating to international marketing of agriculture.

Brief Description: Increasing the international trade of Washington state agricultural products.

Sponsors: Representatives Mulliken, Schoesler, Veloria, B. Chandler, Van Luven, Linville, G. Chandler, Conway and Dunn.

Brief History:

Committee Activity:

Trade & Economic Development: 2/20/01, 2/22/01 [DP];
Appropriations: 3/2/01, 3/8/01 [DPS].

Brief Summary of Substitute Bill

- Creates two programs designed to promote the marketing of Washington's agricultural products by (1) combining public and private funds to market agricultural products to domestic and foreign buyers; and (2) assisting commodity groups in addressing trade barriers that hinder their access to foreign markets.

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass. Signed by 12 members: Representatives Van Luven, Republican Co-Chair; Veloria, Democratic Co-Chair; Dunn, Republican Vice Chair; Eickmeyer, Democratic 1st Vice Chair; Fromhold, Democratic 2nd Vice Chair; Ahern, Gombosky, Jackley, Mulliken, O'Brien, Pflug and Woods.

Staff: Kenny Pittman (786-7392).

Background:

The Washington Department of Agriculture (WDA) is the designated state agency for the administration and implementation of state agricultural marketing development programs

and activities. These marketing programs and activities are designed to promote the sale of Washington's agricultural products in domestic and foreign markets.

The WDA is directed to assist in the promotion of Washington's agricultural products by: (1) acting as an effective intermediary between foreign nations and Washington traders; (2) encouraging and promoting the movement of foreign and domestic agricultural goods through Washington's ports; (3) conducting an active program by sending representatives to, or engaging representatives in, foreign countries to promote the state's agricultural commodities and products; (4) encouraging the production of those commodities that will have high export potential and appeal; (5) coordinating the trade promotional activities of appropriate federal, state, and local public agencies, as well as civic organizations; and (6) developing a coordinated marketing program with the Department of Community, Trade and Economic Development, using existing trade offices and participating in mutual trade missions and activities.

Summary of Bill:

A series of programs are developed in the WDA that are designed to: (1) promote the marketing of Washington's agricultural products; (2) reduce trade barriers that hinder the export of Washington's agricultural products; and (3) assist all agricultural groups market their products to inbound buyers by placing an agricultural trade specialist in Moses Lake, Washington.

Market Development and Promotion Matching Fund Program

A Marketing Development and Promotion Matching Fund Program is created in the Department of Agriculture. The program provides funds, which must be matched by funds from the agricultural industry, to hire a contractor to market and promote Washington's agricultural products in certain markets. The goal of the program is to expose domestic and foreign buyers of Washington's diverse agricultural products. An appropriation of \$250,000 in fiscal years 2002 and 2003 is provided for the marketing and promotion of Washington's agricultural products.

Trade Barrier Matching Fund Program

A Trade Barrier Matching Fund Program is created in the Department of Agriculture. The program provides matching funds to large and small commodity groups to assist them in addressing trade barriers that hinder the export of Washington's agricultural goods to foreign markets. The department has sole discretion on the distribution of the matching funds. An appropriation of \$250,000 in fiscal years 2002 and 2003 is provided for use as matching funds to commodity groups.

Eastern Washington Trade Specialist

The Department of Agriculture must station an agricultural trade specialist in Moses Lake, Washington. The agricultural trade specialist provides services and works with all agricultural groups in arranging meetings for inbound buying missions, and providing assistance to companies in the promotion of agricultural products. An appropriation of \$125,000 in fiscal years 2002 and 2003 is provided to support the activities of the Eastern Washington Trade Specialist.

Appropriation: The sum of \$625,000 from the general fund to the Department of Agriculture for the fiscal year ending June 30, 2002. \$625,000 from the general fund to the Department of Agriculture for the fiscal year ending June 30, 2003.

Fiscal Note: Available.

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

Testimony For: Agriculture is a major component to Washington's economy. They are facing increased competition at both the domestic and foreign level. The state needs to increase its agricultural marketing budget and target its efforts on a domestic and international basis. The state's agricultural community is also facing trade barriers that reduce their access to other foreign markets. The state needs to work with its commodity commissions to reduce those unfair trade barriers.

Testimony Against: None.

Testified: Representative Mulliken, prime sponsor; and Charlie Brown, Washington State Potato Commission.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 31 members: Representatives Sehlin, Republican Co-Chair; H. Sommers, Democratic Co-Chair; Barlean, Republican Vice Chair; Doumit, Democratic Vice Chair; Lisk, Republican Vice Chair; Alexander, Benson, Boldt, Buck, Clements, Cody, Cox, Dunshee, Fromhold, Gombosky, Grant, Kagi, Keiser, Kenney, Kessler, Lambert, Linville, Mastin, Mulliken, Pearson, Pflug, Ruderman, D. Schmidt, Schual-Berke, Talcott and Tokuda.

Staff: Jeff Olsen (786-7157).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Trade & Economic Development:

The substitute bill adds the ability to hire overseas contractors to the Market Development

and Promotion Matching Fund Program. The provision allowing the Department of Agriculture's sole discretion over funds in the Trade Barrier Matching Fund Program is removed. The substitute bill removes the Eastern Washington Trade Specialist to be based in Moses Lake. The substitute bill removes \$700,000 in appropriations and includes a null and void clause in the bill.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed. However, the bill is null and void if not funded in the budget.

Testimony For: Agriculture is the second largest industry in Washington, and has economic impacts for trucking, shipping, and many other sectors of the economy. The agricultural industry needs assistance promoting and marketing products and working on trade barrier issues. State funds would be matched with industry funds to address problems with trade barriers and promote Washington agricultural products. Washington's marketing program is 50 percent the size of Oregon's program.

Testimony Against: None.

Testified: Representative Mulliken, prime sponsor; and Charlie Brown, Washington State Potato Commission.