

HOUSE BILL REPORT

SSB 6254

As Passed House - Amended:

March 6, 2002

Title: An act relating to the fruit and vegetable inspection account.

Brief Description: Creating the fruit and vegetable inspection account.

Sponsors: By Senate Committee on Agriculture & International Trade (originally sponsored by Senators Rasmussen, Swecker, Shin and Spanel; by request of Department of Agriculture).

Brief History:

Committee Activity:

Agriculture & Ecology: 2/25/02, 2/26/02 [DPA].

Floor Activity:

Passed House - Amended: 3/6/02, 93-0.

**Brief Summary of Substitute Bill
(As Amended by House)**

- Replaces the fruit and vegetable district funds located locally with a Fruit and Vegetable Inspection Account in the custody of the state treasurer, provides for the use of monies from the new state account, authorizes the account to receive its share of its earnings, and requires accounts for each of the districts to be created within the new account.
- Requires at least two, rather than three, inspection districts.
- Provides for reducing fees in a district in certain instances and requires reduction in fees for service in district number three.
- Repeals the Fruit and Vegetable Trust Account.

HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

Majority Report: Do pass as amended. Signed by 12 members: Representatives Linville, Chair; Hunt, Vice Chair; Schoesler, Ranking Minority Member; Chandler, Delvin, Dunshee, Grant, Holmquist, Kirby, Quall, Roach and Sump.

Staff: Kenneth Hirst (786-7105).

Background:

State laws require the director of agriculture to establish standards and grades for apples, apricots, Italian prunes, peaches, sweet cherries, pears, potatoes and asparagus and allows the director to establish them for other fruits and vegetables. For the purposes of these laws, the state is divided into not less than three fruit and vegetable inspection districts. The director may assign a district manager to each district to administer the regulatory and inspection program within the district. The fees collected for these services are deposited in a district fund, which is used as a revolving fund to carry out services within the district. Some of the monies in the district fund are also transferred to the state Fruit and Vegetable Inspection Trust Account.

Beginning in 1997, legislation has authorized a transfer of \$200,000 in District #2 funds to the Plant Pest Account for activities related to apple maggot control. Funds from this transfer that are unexpended by June 30, 2003, are to be returned to the district fund. District #2 is composed of Kittitas, Klickitat, Skamania, and Yakima counties and the portion of Benton County containing Prosser, Kiona, and Benton City.

Summary of Amended Bill:

New State Account. The Fruit and Vegetable District Funds maintained in banks located in the districts are replaced by a Fruit and Vegetable Inspection Account in the custody of the state treasurer. The new account is subject to allotment procedures but is not subject to appropriation. The account is to receive its proportionate share of any earnings on the account. The director, rather than the district managers, may authorize expenditures from the account. The expenditures authorized are those solely for the implementation and enforcement of the state's laws for grades and packs of fruit and vegetables and those authorized by statute or session law specifically applying to the account.

The director of agriculture is to establish accounts within the new state account for each inspection district. The state must be divided into not less than two (rather than three) such districts. However, any consolidation or alteration of inspection district boundaries during 2002 must not reduce inspection services or the availability or quality of inspection services in the districts.

Transfer of Monies; Fee Reductions. The monies remaining in the district funds on the effective date of the bill are to be transferred to the new state account. The monies from the district that includes Yakima County are to be transferred to the sub-account for the district containing Yakima County. If the remaining monies in a district fund exceed a certain sum, the fees accruing to the district account are to be temporarily reduced by twelve and one-half percent until the monies in the district account reach a specified sum. A portion of the monies from the district fund for district number three must be used to reduce inspection fees in the area served by the district as it existed on January 1, 2002.

These fees must be reduced by nine and one-half percent for that area for 12 months.

Any monies previously transferred from the district fund for District #2 for apple maggot control and unspent by June 30, 2003, are to be deposited in the district account for the district containing Yakima County. The Fruit and Vegetable Inspection Trust Account is repealed. Monies remaining in the trust account are to be equally divided among the sub-accounts.

By August 1 biennially beginning in 2004, if the monies in a district account exceed a certain sum, the fees accruing to the account from the district are to be temporarily reduced until the monies in the account reach a specified sum. The director must attempt to reduce temporarily the fees such that the fee reduction will be in effect for 12 months. The temporary fee reduction is to be initially accomplished through emergency rules. These and subsequent rules for the reduction are exempt from the provisions of the Administrative Procedures Act regarding pre-notice statements of inquiry and negotiated and pilot rule-making and from the Regulatory Fairness Act.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect July 1, 2002.

Testimony For: (1) The bill will allow the consolidation of districts and the elimination of the Moses Lake office. Closing the office will not affect service to businesses in the district. (2) Support state efficiency and a reduction of fees for overpayment by fee payers. (3) In the interim, commissions may wish to pay for an audit of the department's administrative support for the inspection program.

Testimony Against: None.

Testified: (In favor) Leslie Emerick, Department of Agriculture; Jim Halstrom, Washington Horticultural Association; and Charlie Brown, Washington Potato Commission.