

SENATE BILL REPORT

EHB 2773

As Reported By Senate Committee On:
Agriculture & International Trade, March 1, 2002

Title: An act relating to sales of fruit.

Brief Description: Revising standards for apple grades and requiring reports on the consignment sales of apples under the new standards.

Sponsors: Representatives Clements, Linville, Chandler and Grant.

Brief History:

Committee Activity: Agriculture & International Trade: 3/1/02 [DPA].

SENATE COMMITTEE ON AGRICULTURE & INTERNATIONAL TRADE

Majority Report: Do pass as amended.

Signed by Senators Rasmussen, Chair; Snyder, Spanel and Swecker.

Staff: Bob Lee (786-7404)

Background: The Department of Agriculture establishes standards and grades for many fruits and vegetables.

Persons who act as a commission merchant, dealer, broker, or cash buyer for agricultural commodities must be licensed under the state's commission merchant laws unless otherwise exempt. Cooperatives and retail merchants operating from a permanent fixed place of business are among the entities that are exempt.

Commission merchants must retain copies of their records of sales for three years. These records are to be available for inspection by the Director of Agriculture and the consignor. Special rules apply if the commodity is to be sold by a commission merchant through a "pooling" agreement. Under such an agreement, certain of the records are kept with regard to the commodities of the pool, rather than the commodities of the individual consignor, and these records of the pool are to be available for inspection by any consignor to the pool. At the same time that the commission merchant transmits the final remittance to the consignor, the merchant must also provide the consignor a summary of the records that are available for inspection.

Summary of Amended Bill: The Department of Agriculture is to convene the Apple Grades and Packs Committee to review the standards for apples. If the committee recommends revision by consensus by December 15, 2003, the director gives great weight to the recommendations in proposing the adoption of rules that reflect the recommendation. If a consensus is not reached, the apple grades and packs committee reports its findings and conclusions to the Department of Agriculture and to the Legislature by December 15, 2003.

The Legislature requests that the major segments of the fruit industry conduct an analysis of the marketing information needs of the industry and recommend how these needs can best be addressed. A report is requested on areas of agreement and disagreement be completed by December 15, 2003. The report is provided to the Department of Agriculture and the legislative committees with jurisdiction over agricultural issues.

Each commission merchant that received apples imported into the United States between January 1, 2002 and November 30, 2002, reports to the Department of Agriculture by December 15, 2002. The report includes the volume of each variety of imported apples that was received and packed and sold by each commission merchant. The department is to aggregate the information and to report it to the Legislature. The information that is collected that can be identified to a particular business is exempt from disclosure requirements.

Amended Bill Compared to Original Bill: The bill as referred to committee required the Department of Agriculture to revise existing apple standards whether or not there was agreement in the industry. The striking amendment provides that the Department of Agriculture may propose revision to existing rules if the consensus of the Apple Grades and Packs Committee is to revise the rules. If no consensus is reached, the Apple Grades and Packs Committee is to report to the Director of Agriculture and to the Legislature prior to the 2004 session.

The bill as referred to committee required release of data for fruit sales by commission merchants. The striking amendment requests various segments of the fruit industry review the marketing information needs and make recommendations on how best to provide the needed information. On issues for which no consensus has been reached, each industry segment must provide a statement containing the perspective of that industry segment. The report is provided prior to the 2004 legislative session.

The bill as referred to committee required each commission merchant that buys foreign fruit to report monthly the volume and terms of sale of the fruit and for the Department of Agriculture to report this information to the Legislature. This information is available to the public. The striking amendment provides for commission merchants that received apples imported into the United States between January 1, 2002, and November 30, 2002, to report to the Department of Agriculture by December 15, 2002. The Department of Agriculture is to compile and report the volume and variety, but not the terms of sale, of the imported fruit. Information that can be identified to a particular business is not subject to disclosure to the public.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: There is concern about the amount of foreign fruit that is being packed and shipped in our state and there is a need to let everyone be aware of the competing foreign fruit. The grades and standards for apples are so wide and it is detrimental to the apple industry. There needs to be greater uniformity in the grades and standards. Growers have

a right to know from the packers and shippers more about the sales information for the fruit they grow.

Testimony Against: Apple grades are in place and proposals to revise them have not been brought to the Grades and Packs Committee. There is not a consensus that these standards need to be revised. Imported apples are requested by retailers at times when a particular variety is not available from domestic sources. Shippers will import a particular variety of apple to fill out a larger order from retailers. Growers can now request sales data about their fruit.

Testified: Jerry Buendel, WA State Department of Agriculture; Miles J. Kohl, Yakima Valley Growers Shippers Assn. (con); Charles T. Pomianek, Wenatchee Valley Traffic Assn. (con); Sam Davis, Bob Blank, Okanogan County Horticulture Assn. (con).