

HOUSE BILL REPORT

HB 1101

As Passed House:

February 10, 2003

Title: An act relating to forwarding grain when an emergency storage situation exists.

Brief Description: Forwarding grain when an emergency storage situation exists.

Sponsors: By Representatives Schoesler, Linville, Grant, Rockefeller, Holmquist, Sump and Mielke; by request of Department of Agriculture.

Brief History:

Committee Activity:

Agriculture & Natural Resources: 1/28/03 [DP].

Floor Activity:

Passed House: 2/10/03, 93-0.

Brief Summary of Bill

- Allows, during a grain storage emergency, an extension of the time during which grain may be forwarded from one warehouse to another without the reissuance of a negotiable receipt for the grain.

HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Majority Report: Do pass. Signed by 13 members: Representatives Linville, Chair; Rockefeller, Vice Chair; Schoesler, Ranking Minority Member; Holmquist, Assistant Ranking Minority Member; Kristiansen, Assistant Ranking Minority Member; Chandler, Eickmeyer, Grant, Hunt, McDermott, Orcutt, Quall and Sump.

Staff: Kenneth Hirst (786-7105).

Background:

Negotiable receipts issued to a depositor by a grain warehouse for the grain deposited for storage in the warehouse must satisfy the requirements of the Uniform Commercial Code and the state's grain warehouse laws. If part of the grain governed by such a receipt is withdrawn by the depositor, the original receipt must be replaced with one showing the amount of the depositor's grain remaining in the warehouse. However, during a grain

storage emergency, the Director of the Department of Agriculture (WSDA) may authorize a warehouse to forward grain covered by negotiable receipts to other licensed warehouses for storage without canceling and reissuing negotiable receipts for the grain. Such an action must be conducted under conditions set by rule. This authority to forward the grain without reissuing negotiable receipts is for a period that cannot exceed 30 days.

Summary of Bill:

The 30-day limitation on forwarding grain, during a grain storage emergency, to other warehouses without reissuing negotiable receipts for the grain is eliminated.

Appropriation: None.

Fiscal Note: Not Requested.

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

Testimony For: (1) In the 1980s, during a year with large wheat surpluses at grain elevators, the Legislature authorized grain to be moved without reissuing receipts for a period of up to 30 days. Since then, the U. S. Department of Agriculture has authorized similar movement of grain at federally licensed facilities for up to 120 days, with some extensions available. The bill will allow this state's grain warehouses to move grain as is allowed in federally licensed facilities. (2) The WSDA intends to adopt rules setting a 120 day limit, at the end of which the receipts must again match the storage. (3) This bill will ensure that state licensed facilities will not be disadvantaged. (4) The grain will generally move from the harvest areas to areas nearer major shipping points.

Testimony Against: None

Testified: Leslie Emerick and Don Michelbook, Washington State Department of Agriculture; and Jonathan Schlueter, Pacific Northwest Grain and Feed Association.