

FINAL BILL REPORT

SB 6339

C 212 L 04
Synopsis as Enacted

Brief Description: Regulating seed-related business practices.

Sponsors: Senators Swecker and Rasmussen.

Senate Committee on Agriculture

House Committee on Agriculture & Natural Resources

Background: The Washington State Department of Agriculture (WSDA) administers the Commission Merchants Act (CMA) program which generally protects agricultural producers against theft, fraud, and unfair business practices. The program is funded by license fees. With certain exceptions, any person acting as a commission merchant, dealer, broker, or cash buyer of agricultural commodities must comply with CMA licensing and bonding requirements.

A commission merchant's contract may not preclude producer involvement in determining when consigned products will be sold, with an exception related to commodity pooling contracts.

According to WSDA, a 1999 seed company bankruptcy left 55 Washington growers unpaid for seed valued at \$4.5 million. The department also reports that 30 of the state's 54 known seed companies are not currently licensed and bonded under the CMA. As directed by Substitute House Bill 1100, WSDA has studied mechanisms to better protect seed producers in the event of nonpayment or seed company bankruptcy and provided suggested legislation based on the recommendations of an advisory group of seed producers and seed companies.

Summary: Seeds, as defined in Washington's Seed Labeling Act, are expressly added to the CMA definition of "agricultural product," clarifying that CMA requirements apply to those involved in buying, selling or consigning seeds. The bonding formula is simplified. The same bonding formula applies to all seed types and contracts, including seed produced under proprietary seed bailment contracts.

A commission merchant's contract may preclude a seed producer's involvement in determining when consigned seeds will be sold. Disputes regarding seed clean-out responsibilities are governed by contracts between seed producers and the conditioners or processors of the seed.

Votes on Final Passage:

Senate	48	0	
House	94	0	(House amended)
Senate			(Senate refused to concur)
House			(House refused to recede)
Senate	48	0	(Senate concurred)

Effective: June 10, 2004