

HOUSE BILL REPORT

HB 2748

As Reported by House Committee On:

Appropriations Subcommittee on General Government & Information Technology

Title: An act relating to fees assessed by the department of agriculture.

Brief Description: Concerning fees assessed by the department of agriculture.

Sponsors: Representative Hudgins.

Brief History:

Committee Activity:

Appropriations Subcommittee on General Government & Information Technology:
2/6/14 [DPS].

Brief Summary of Substitute Bill

- Creates, increases, or extends a number of Department of Agriculture fees related to dairy processing and food processing.
- Redirects dairy-related license fee revenue from the State General Fund to the Agricultural Local Fund.

HOUSE COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT & INFORMATION TECHNOLOGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Hudgins, Chair; Dunshee, S. Hunt, Jinkins and Springer.

Minority Report: Do not pass. Signed by 4 members: Representatives Parker, Ranking Minority Member; Buys, Christian and Taylor.

Staff: Dan Jones (786-7118).

Background:

The Department of Agriculture (Department) collects approximately 150 different fees related to the agricultural licensing, inspection, and similar work of the Department. In a

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budget proviso in the 2013-15 State Omnibus Operating Appropriations Act, the Legislature directed the Department to convene a work group with appropriate stakeholders to review fees supporting Department programs that also receive General Fund support. The resulting work group released a report in November 2013 that identified the Department programs that receive both fee and General Fund money and made a number of fee-specific recommendations. This bill is based on the recommendations of the Department Fee Work Group report.

Summary of Substitute Bill:

The following Department fees are amended:

- The milk processing plant license fee is raised from \$55 to \$250 per year.
- The dairy technician's initial license fee is raised from \$10 to \$25, and the renewal fee is raised from \$5 to \$25 per year.
- The milk processing plant sanitary certificate fee is raised from \$50 to \$75 per certificate.
- The milk assessment expiration date is changed from 2015 to 2020 and the Director of the Department shall establish a minimum assessment amount to be paid by in-state milk processing plants regardless of size.
- The range for food processing plant license fees, which are based on gross annual sales, is raised to a minimum of \$92 and maximum of \$862.

The following Department fees are created:

- The fee for any endorsement in addition to a dairy technician's license is \$25.
- An inspection fee may be assessed by the Department for manufacturing facilities that must be inspected under the Pasteurized Milk Ordinance (PMO) but do not satisfy the definitions of "milk processing plant," "food processing plant," or "food storage warehouse" under current law. The fee is based on gross annual sales and the amount is the same as for the food processing plant license fee.

Revenue from dairy-related license fees (RCW 15.36) is redirected from the State General Fund to the Agricultural Local Fund.

Substitute Bill Compared to Original Bill:

The substitute bill changes the expiration of the dairy technician license from every odd-numbered year to every year, specifies the inspection fees for certain facilities that must be inspected under the PMO, and adds language to the legislative intent that encourages the Department Fee Work Group to continue meeting.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Maintaining a strong balance between public and private regulatory funding is important, as is a fee structure that is equitable. Oftentimes, certain licensees in the Food Safety program do not pay their fair share, and other producers end up paying their bills.

The Department hired a consultant to help go through the Department fees which met the intent of a budget proviso. The fees in the bill are at the nexus of services provided through both State General Fund money and fees. The Department Fee Work Group and conversations with stakeholders should continue, especially as the Food Safety Modernization Act is implemented.

(Opposed) None.

Persons Testifying: Representative Hudgins, prime sponsor; James Curry, Northwest Food Processors Association; Mark Streuli, Washington Department of Agriculture; and Dan Coyne, Northwest Dairy Association, Darigold.

Persons Signed In To Testify But Not Testifying: None.