

# HOUSE BILL REPORT

## ESHB 2748

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**As Passed House:**  
March 3, 2014

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

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

**Sponsors:** House Committee on Appropriations Subcommittee on General Government & Information Technology (originally sponsored by Representative Hudgins).

**Brief History:**

**Committee Activity:**

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

**Floor Activity:**

Passed House: 3/3/14, 57-41.

**Brief Summary of Engrossed 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.

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**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:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

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

The following Department fees are amended:

- The milk processing plant license fee is raised from \$55 to \$150 until June 30, 2016, and \$250 thereafter.
- 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 a new payment schedule is established based on the amount of the assessment.
- 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. The Department is required to convene a sub-work group to determine where additional resources may be needed to comply with the Food Safety Modernization Act, and is encouraged to continue the original Fee Work Group.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** 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.