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**SUBSTITUTE HOUSE BILL 2748**

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**State of Washington                      63rd Legislature                      2014 Regular Session**

**By** House Appropriations Subcommittee on General Government & Information Technology (originally sponsored by Representative Hudgins)

READ FIRST TIME 02/11/14.

1            AN ACT Relating to fees assessed by the department of agriculture;  
2 amending RCW 15.36.051, 15.36.081, 15.36.491, 15.36.525, 15.36.551, and  
3 69.07.040; adding a new section to chapter 15.36 RCW; creating a new  
4 section; and providing an expiration date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            NEW SECTION.    **Sec. 1.**    (1) The legislature finds that section  
7 309(4), chapter 4, Laws of 2013 2nd sp. sess. directed the department  
8 of agriculture to convene and facilitate a work group with appropriate  
9 stakeholders to review fees supporting programs within the department  
10 that are also supported with the state general fund.

11            (2) The legislature further finds that with the help of a  
12 consulting firm, the department of agriculture identified fees in the  
13 food safety and animal health programs that met the budget proviso  
14 criteria. The department then formed a work group with representatives  
15 from dairy, food processing, and other relevant professional  
16 associations.

17            (3) The legislature further finds that the work group's final  
18 report recommends fee increases for fees that do not completely cover  
19 the costs of services provided and that will make programs within the

1 department of agriculture less reliant on the state general fund.  
2 Therefore, the legislature intends to implement the recommendations of  
3 the work group's report.

4 (4) The legislature further finds that there are additional  
5 department of agriculture fees that would be worthwhile for the work  
6 group to review and encourages the department of agriculture to  
7 continue to convene the work group as often as it is practical to do  
8 so.

9 **Sec. 2.** RCW 15.36.051 and 2005 c 414 s 1 are each amended to read  
10 as follows:

11 (1) A milk processing plant must obtain an annual milk processing  
12 plant license from the department, which shall expire on June 30<sup>th</sup> of  
13 each year. A milk processing plant may choose to process ~~((+1))~~: (a)  
14 Grade A milk and milk products~~((+))~~; or ~~((+2))~~ (b) other milk products  
15 that are not classified grade A.

16 (2) Only one license may be required to process milk; however, milk  
17 processing plants must obtain the necessary endorsements from the  
18 department in order to process products as defined for each type of  
19 milk or milk product processing. Application for a license shall be on  
20 a form prescribed by the director and accompanied by a ~~((fifty-five))~~  
21 two hundred fifty dollar annual license fee. The applicant shall  
22 include on the application the full name of the applicant for the  
23 license and the location of the milk processing plant he or she intends  
24 to operate and any other necessary information. Upon the approval of  
25 the application by the director and compliance with the provisions of  
26 this chapter, including the applicable rules adopted under this chapter  
27 by the department, the applicant shall be issued a license or a renewal  
28 of a license.

29 (3) Licenses shall be issued to cover only those products,  
30 processes, and operations specified in the license application and  
31 approved for licensing. If a license holder wishes to engage in  
32 processing a type of milk product that is different than the type  
33 specified on the application supporting the licensee's existing license  
34 and processing that type of food product would require a major addition  
35 to or modification of the licensee's processing facilities, the  
36 licensee shall submit an amendment to the current license application.

1 In such a case, the licensee may engage in processing the new type of  
2 milk product only after the amendment has been approved by the  
3 department.

4 (4) A licensee under this section shall not be required to obtain  
5 a food processing plant license under chapter 69.07 RCW to process milk  
6 or milk products.

7 (5) The director shall waive the fee for a food processing license  
8 under chapter 69.07 RCW for persons who are also licensed as a milk  
9 processing plant.

10 **Sec. 3.** RCW 15.36.081 and 1999 c 291 s 5 are each amended to read  
11 as follows:

12 (1) A dairy technician must obtain a dairy technician's license to  
13 conduct operations under this chapter. Such license shall be limited  
14 to those functions which the licensee has been found qualified to  
15 perform. Before issuing the license the director shall assess the  
16 applicant's qualifications and may test the applicant for the functions  
17 for which application has been made.

18 (2) Application for a license as a dairy technician shall be made  
19 upon forms provided by the director, and shall be filed with the  
20 department. The director may issue a temporary license to the  
21 applicant for such period as may be prescribed and stated in the  
22 license, not to exceed sixty days, but the license may not be renewed  
23 to extend the period beyond sixty days.

24 (3) The initial application and renewal for a dairy technician's  
25 license must be accompanied by a license fee of ~~((ten dollars. The fee  
26 for renewal of the license is five))~~ twenty-five dollars. All dairy  
27 technicians' licenses shall expire on December 31<sup>st</sup> of ~~((odd-numbered  
28 years))~~ each year.

29 (4) The initial application for any endorsement beyond a dairy  
30 technician's license must be accompanied by an endorsement fee of  
31 twenty-five dollars.

32 **Sec. 4.** RCW 15.36.491 and 2005 c 414 s 4 are each amended to read  
33 as follows:

34 All moneys received for licenses under this chapter shall be  
35 deposited ~~((in the general fund, except that all moneys received for~~

1 ~~annual milk processing plant licenses under RCW 15.36.051 shall be~~  
2 ~~deposited))~~ in the agricultural local fund established under RCW  
3 43.23.230.

4 **Sec. 5.** RCW 15.36.525 and 1999 c 291 s 25 are each amended to read  
5 as follows:

6 The department may issue sanitary certificates to milk processing  
7 plants under this chapter subject to such requirements as it may  
8 establish by rule. The fee for issuance is (~~(fifty)~~) seventy-five  
9 dollars per certificate. Fees collected under this section shall be  
10 deposited in the agricultural local fund.

11 **Sec. 6.** RCW 15.36.551 and 2010 c 17 s 1 are each amended to read  
12 as follows:

13 (1) There is levied on all milk processed in this state an  
14 assessment not to exceed fifty-four one-hundredths of one cent per  
15 hundredweight. The director shall determine, by rule, an assessment,  
16 that with contribution from the general fund, will support an  
17 inspection program to maintain compliance with the provisions of the  
18 pasteurized milk ordinance of the national conference on interstate  
19 milk shipment. The director shall also determine, by rule, a uniform  
20 minimum assessment amount to be paid by milk processing plants  
21 regardless of size.

22 (2) All assessments under this section shall be levied on the  
23 operator of the first milk processing plant receiving the milk for  
24 processing. This (~~shall~~) includes milk processing plants that  
25 produce their own milk for processing and milk processing plants that  
26 receive milk from other sources.

27 (3) Milk processing plants whose monthly assessment for receipt of  
28 milk totals less than twenty dollars in any given month (~~are exempted~~  
29 from paying this assessment for that month)) shall pay the value of the  
30 assessment or the minimum assessment, whichever is higher.

31 (4) All moneys collected under this section shall be paid to the  
32 director by the twentieth day of the succeeding month for the previous  
33 month's assessments. The director shall deposit the funds into the  
34 dairy inspection account hereby created within the agricultural local  
35 fund established in RCW 43.23.230. (~~The funds shall~~) All funds

1 collected under this section may only be used (~~(only)~~) to provide  
2 inspection services to the dairy industry.

3 (5) If the operator of a milk processing plant fails to remit any  
4 assessments, that sum shall be a lien on any property owned by (~~him or~~  
5 ~~her~~) the operator, and (~~shall~~) must be reported by the director and  
6 collected in the manner and with the same priority over other creditors  
7 as prescribed for the collection of delinquent taxes under chapters  
8 84.60 and 84.64 RCW.

9 (6) This section expires June 30, (~~(2015)~~) 2020.

10 NEW SECTION. Sec. 7. A new section is added to chapter 15.36 RCW  
11 to read as follows:

12 The department may, upon inspection, assess an inspection fee on  
13 any manufacturing facility that is required to be inspected under the  
14 PMO and does not satisfy the definition of "milk processing plant" as  
15 defined in this chapter, "food processing plant" as defined in RCW  
16 69.07.010, or "food storage warehouse" as defined in RCW 69.10.005.

17 The inspection fee is determined by computing the gross annual  
18 sales for the accounting year immediately preceding the inspection  
19 year. If the inspection is for a new operator, the inspection fee must  
20 be based on an estimated gross annual sales for the initial inspection  
21 period.

22 If gross annual sales are:	The license fee is:
23 \$0 to \$50,000	\$92.00
24 \$50,001 to \$500,000	\$147.00
25 \$500,001 to \$1,000,000	\$262.00
26 \$1,000,001 to \$5,000,000	\$427.00
27 \$5,000,001 to \$10,000,000	\$585.00
28 Greater than \$10,000,000	\$862.00

29 **Sec. 8.** RCW 69.07.040 and 1995 c 374 s 21 are each amended to read  
30 as follows:

31 (1) It (~~shall be~~) is unlawful for any person to operate a food  
32 processing plant or process foods in the state without first having  
33 obtained an annual license from the department, which shall expire on  
34 a date set by rule by the director. License fees shall be prorated  
35 where necessary to accommodate staggering of expiration dates.  
36 Application for a license shall be on a form prescribed by the director

1 and accompanied by the license fee. The license fee is determined by  
2 computing the gross annual sales for the accounting year immediately  
3 preceding the license year. If the license is for a new operator, the  
4 license fee shall be based on an estimated gross annual sales for the  
5 initial license period.

6	If gross annual sales are:	The license fee is:
7	\$0 to \$50,000	\$((55.00)) <u>92.00</u>
8	\$50,001 to \$500,000	\$((110.00)) <u>147.00</u>
9	\$500,001 to \$1,000,000	\$((220.00)) <u>262.00</u>
10	\$1,000,001 to \$5,000,000	\$((385.00)) <u>427.00</u>
11	\$5,000,001 to \$10,000,000	\$((550.00)) <u>585.00</u>
12	Greater than \$10,000,000	\$((825.00)) <u>862.00</u>

13 ~~((Such application shall))~~ (2) Applications under this section must  
14 include:

15 (a) The full name of the applicant for the license and the location  
16 of the food processing plant he or she intends to operate(~~(.---If~~  
17 ~~such)), and if the applicant is an individual, receiver, trustee, firm,~~  
18 ~~partnership, association, or corporation, the full name of each member~~  
19 ~~of the firm or partnership, or names of the officers of the association~~  
20 ~~or corporation ((shall be given on the application.---Such application~~  
21 ~~shall further state))~~);

22 (b) The principal business address of the applicant in the state  
23 and elsewhere and the name of a person domiciled in this state  
24 authorized to receive and accept service of summons of legal notices of  
25 all kinds for the applicant(~~(.---The application shall also specify))~~;  
26 and

27 (c) The type of food to be processed and the method or nature of  
28 processing operation or preservation of that food and any other  
29 necessary information.

30 (3) Upon the approval of the application by the director and  
31 compliance with the provisions of this chapter, including the  
32 applicable regulations adopted (~~hereunder~~) by the department, the  
33 applicant shall be issued a license or renewal (~~thereof~~).

34 (4) Licenses shall be issued to cover only those products,  
35 processes, and operations specified in the license application and  
36 approved for licensing. Wherever a license holder wishes to engage in  
37 processing a type of food product that is different than the type  
38 specified on the application supporting the licensee's existing license

1 and processing that type of food product would require a major addition  
2 to or modification of the licensee's processing facilities or has a  
3 high potential for harm, the licensee (~~shall~~) must submit an  
4 amendment to the current license application. In such a case, the  
5 licensee may engage in processing the new type of food product only  
6 after the amendment has been approved by the department.

7 (5) If upon investigation by the director, it is determined that a  
8 person is processing food for retail sale and is not under permit,  
9 license, or inspection by a local health authority, then that person  
10 may be considered a food processor and subject to the provisions of  
11 this chapter.

12 (6) The director may waive the licensure requirements of this  
13 chapter for a person's operations at a facility if the person has  
14 obtained a milk processing plant license under chapter 15.36 RCW to  
15 conduct the same or a similar operation at the facility.

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