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HOUSE BILL 2749

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State of Washington

63rd Legislature

2014 Regular Session

By Representatives Hudgins and Springer

Read first time 01/30/14. Referred to Committee on Appropriations Subcommittee on General Government & Information Technology.

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

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

11 (2) Only one license may be required to process milk; however, milk  
12 processing plants must obtain the necessary endorsements from the  
13 department in order to process products as defined for each type of  
14 milk or milk product processing. Application for a license shall be on  
15 a form prescribed by the director and accompanied by a ~~((fifty-five))~~  
16 two hundred fifty dollar annual license fee beginning July 1, 2014.  
17 Thereafter, the legislature may adjust the fee in the omnibus operating  
18 appropriations act. The applicant shall include on the application the  
19 full name of the applicant for the license and the location of the milk  
20 processing plant he or she intends to operate and any other necessary  
21 information. Upon the approval of the application by the director and  
22 compliance with the provisions of this chapter, including the  
23 applicable rules adopted under this chapter by the department, the  
24 applicant shall be issued a license or a renewal of a license.

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

36 (4) A licensee under this section shall not be required to obtain

1 a food processing plant license under chapter 69.07 RCW to process milk  
2 or milk products.

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

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

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

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

20 (3) The initial application and renewal for a dairy technician's  
21 license must be accompanied by a license fee of ~~((ten dollars. The fee  
22 for renewal of the license is five))~~ twenty-five dollars beginning July  
23 1, 2014. Thereafter, the legislature may adjust the fee in the omnibus  
24 operating appropriations act. All dairy technicians' licenses shall  
25 expire on December 31<sup>st</sup> of odd-numbered years.

26 (4) The initial application for any endorsement beyond a dairy  
27 technician's license must be accompanied by an endorsement fee of  
28 twenty-five dollars beginning July 1, 2014. Thereafter, the  
29 legislature may adjust the endorsement in the omnibus operating  
30 appropriations act.

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

33 All moneys received for licenses under this chapter shall be  
34 deposited ~~((in the general fund, except that all moneys received for  
35 annual milk processing plant licenses under RCW 15.36.051 shall be~~

1 deposited)) in the agricultural local fund established under RCW  
2 43.23.230.

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

5 The department may issue sanitary certificates to milk processing  
6 plants under this chapter subject to such requirements as it may  
7 establish by rule. The fee for issuance is ~~((fifty))~~ seventy-five  
8 dollars per certificate beginning July 1, 2014. Thereafter, the  
9 legislature may adjust the fee in the omnibus operating appropriations  
10 act. Fees collected under this section shall be deposited in the  
11 agricultural local fund.

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

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

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

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

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

1 fund established in RCW 43.23.230. (~~The funds shall~~) All funds  
2 collected under this section may only be used (~~only~~) to provide  
3 inspection services to the dairy industry.

4 (5) If the operator of a milk processing plant fails to remit any  
5 assessments, that sum shall be a lien on any property owned by (~~him or~~  
6 ~~her~~) the operator, and (~~shall~~) must be reported by the director and  
7 collected in the manner and with the same priority over other creditors  
8 as prescribed for the collection of delinquent taxes under chapters  
9 84.60 and 84.64 RCW.

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

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

13 The department may, upon inspection, assess an inspection fee on  
14 any manufacturing facility that is required to be inspected under the  
15 PMO and does not satisfy the definition of "milk processing plant" as  
16 defined in this chapter, "food processing plant" as defined in RCW  
17 69.07.010, or "food storage warehouse" as defined in RCW 69.10.005.

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

20 (1) It (~~shall be~~) is unlawful for any person to operate a food  
21 processing plant or process foods in the state without first having  
22 obtained an annual license from the department, which shall expire on  
23 a date set by rule by the director. License fees shall be prorated  
24 where necessary to accommodate staggering of expiration dates.  
25 Application for a license shall be on a form prescribed by the director  
26 and accompanied by the license fee. The license fee is determined by  
27 computing the gross annual sales for the accounting year immediately  
28 preceding the license year. If the license is for a new operator, the  
29 license fee shall be based on an estimated gross annual sales for the  
30 initial license period. The legislature may adjust the fee in the  
31 omnibus operating appropriations act.

If gross annual sales are:	The license fee is:
\$0 to \$50,000	<del>\$(55.00)</del> <u>92.00</u>
\$50,001 to \$500,000	<del>\$(110.00)</del> <u>147.00</u>
\$500,001 to \$1,000,000	<del>\$(220.00)</del> <u>262.00</u>
\$1,000,001 to \$5,000,000	<del>\$(385.00)</del> <u>427.00</u>

1           \$5,000,001 to \$10,000,000                           \$((550.00)) 585.00  
2           Greater than \$10,000,000                           \$((825.00)) 862.00

3           ~~((Such application shall))~~ (2) Applications under this section must  
4 include:

5           (a) The full name of the applicant for the license and the location  
6 of the food processing plant he or she intends to operate(~~((.---If~~  
7 ~~such))~~), and if the applicant is an individual, receiver, trustee, firm,  
8 partnership, association, or corporation, the full name of each member  
9 of the firm or partnership, or names of the officers of the association  
10 or corporation (~~((shall be given on the application.---Such application~~  
11 ~~shall further state))~~);

12           (b) The principal business address of the applicant in the state  
13 and elsewhere and the name of a person domiciled in this state  
14 authorized to receive and accept service of summons of legal notices of  
15 all kinds for the applicant(~~((.---The application shall also specify))~~);  
16 and

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

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

24           (4) Licenses shall be issued to cover only those products,  
25 processes, and operations specified in the license application and  
26 approved for licensing. Wherever a license holder wishes to engage in  
27 processing a type of food product that is different than the type  
28 specified on the application supporting the licensee's existing license  
29 and processing that type of food product would require a major addition  
30 to or modification of the licensee's processing facilities or has a  
31 high potential for harm, the licensee (~~((shall))~~) must submit an  
32 amendment to the current license application. In such a case, the  
33 licensee may engage in processing the new type of food product only  
34 after the amendment has been approved by the department.

35           (5) If upon investigation by the director, it is determined that a  
36 person is processing food for retail sale and is not under permit,  
37 license, or inspection by a local health authority, then that person

1 may be considered a food processor and subject to the provisions of  
2 this chapter.

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

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