

HOUSE BILL REPORT

SSB 5318

As Reported by House Committee On:
Rural Development, Agriculture & Natural Resources
Appropriations

Title: An act relating to fertilizer fees.

Brief Description: Concerning fertilizer fees.

Sponsors: Senate Committee on Agriculture, Water, Natural Resources & Parks (originally sponsored by Senator Warnick; by request of Department of Agriculture).

Brief History:

Committee Activity:

Rural Development, Agriculture & Natural Resources: 3/19/21, 3/26/21 [DP];
Appropriations: 3/31/21, 4/1/21 [DPA].

Brief Summary of Substitute Bill
(As Amended By Committee)

- Increases fees related to fertilizer registration, licensing, and inspection.

HOUSE COMMITTEE ON RURAL DEVELOPMENT, AGRICULTURE & NATURAL RESOURCES

Majority Report: Do pass. Signed by 15 members: Representatives Chapman, Chair; Shewmake, Vice Chair; Chandler, Ranking Minority Member; Dent, Assistant Ranking Minority Member; Fitzgibbon, Klicker, Kloba, Kretz, Lekanoff, McEntire, Morgan, Orcutt, Ramos, Schmick and Springer.

Staff: Rebecca Lewis (786-7339).

Background:

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

The Department of Agriculture (WSDA) requires commercial fertilizer to be registered by producers, importers, or packagers before distribution. Any commercial fertilizer distributed in Washington must be clearly labeled. Bulk fertilizer does not require registration if all commercial fertilizer products in the final product are already registered. Applications for registration include a \$25 fee per location. Bulk commercial fertilizer must be distributed with a written or printed statement supplied to the purchaser at the time of delivery.

Registrants or licensees distributing commercial fertilizer must file semiannual reports with the WSDA stating the net tons of each commercial fertilizer distributed in Washington. Individuals responsible for paying inspection fees must include the fees with the report. Registrants or licensees distributing less than 83 tons of commercial fertilizer, less than 167 tons of commercial lime, or an equivalent combination of the two, must pay a minimum fee of \$25. The WSDA maintains a publicly accessible database of fertilizer registration information and reports biennially to the Legislature on levels of nonnutritive substances in fertilizers.

Summary of Substitute Bill:

The annual license fee for a person who distributes bulk fertilizer is increased from \$25 to \$50 for each location, whether in-state or out-of-state, that distributed bulk fertilizer in Washington. The \$25 delinquency fee is increased to \$50. The application fee for a new registration is increased from \$50 to \$150 per product, a renewal fee is set at \$120 per product, and the late fee is increased from \$10 to \$50.

Registrants or licensees distributing less than 143 tons, rather than 83, of commercial fertilizer, less than 250 tons, rather than 167, of commercial lime, or an equivalent combination of the two, must pay a minimum fee of \$50 rather than \$25. Commercial fertilizer inspection fees are increased from \$0.15 to \$0.20 per ton of lime and from \$0.30 to \$0.35 per ton of all other commercial fertilizer. If the semiannual or annual report indicates that zero tons of commercial fertilizer were distributed during the reporting period, the person responsible for completing the report must pay a filing fee of \$12.50 for a semiannual report or \$25 for an annual report. The late fee is increased from \$25 to \$50. If the appropriate inspection fees are not received by the due date, the late fee is equal to 10 percent of the inspection fee owed or \$50, rather than \$25, whichever is greater.

The provisions providing that penalties and late fees do not apply if the applicant furnishes an affidavit that the applicant has not distributed this commercial fertilizer since the expiration date of the applicant's prior license are removed.

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) The Department of Agriculture (WSDA) does not take raising fees lightly and waited as long as possible to bring forward these fee increases. However, the WSDA is a fee-supported agency and has not raised fees for fertilizer registration and licensing in a number of years. Fertilizer registration fees were last increased in 1993, and the increases in this bill are larger than if an incremental approach had been taken in the past. The WSDA evaluated whether a phased approach would work this year, and it would not be feasible. The bill does not add new staff. The fertilizer registration program provides registration for over 700 companies, and ensures that products are safe, preventing contamination of ground water and surface water. Although this is poor timing to raise fees for the agricultural sector, the WSDA will have to reduce services without sufficient funding. This is the busiest time of year, as many people representing the industry are out in the field, but the bill has broad industry support and many people submitted written testimony. The prime sponsor is open to other approaches to reduce impacts on the agricultural community.

(Opposed) None.

Persons Testifying: Senator Warnick, prime sponsor; and Kelly McLain, Department of Agriculture.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended. Signed by 33 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Caldier, Chandler, Chopp, Cody, Dolan, Dye, Fitzgibbon, Frame, Hansen, Harris, Hoff, Jacobsen, Johnson, J., Lekanoff, Pollet, Rude, Ryu, Schmick, Senn, Springer, Steele, Stonier, Sullivan and Tharinger.

Staff: Dan Jones (786-7118).

Amended Bill Compared to Substitute Bill:

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Rural Development, Agriculture & Natural Resources:

The striking amendment adds an emergency clause, provides that the bill takes effect June 1, 2021, and specifies that all new registration applications or renewals received on or after June 1, 2021, are subject to the provisions of the bill.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect on June 1, 2021.

Staff Summary of Public Testimony:

(In support) The Department of Agriculture (WSDA) is seeking maintenance and inflationary increases to fertilizer fees. Fees have not been increased in 20 years, and without a fee increase services would be reduced. New revenue would also support upgrading the agency's technology to allow for online application processing and payments. The WSDA supports an amendment with an emergency clause to make the bill take effect sooner than 90 days after session.

(Opposed) None.

Persons Testifying: Kelly McLain, Washington State Department of Agriculture.

Persons Signed In To Testify But Not Testifying: None.