

HOUSE BILL REPORT

SHB 1254

As Passed House:

February 23, 2009

Title: An act relating to creating the Washington grain commission.

Brief Description: Creating the Washington grain commission.

Sponsors: House Committee on Agriculture & Natural Resources (originally sponsored by Representatives Schmick, Blake, Ormsby, Walsh, Sullivan, Parker and Kretz).

Brief History:

Committee Activity:

Agriculture & Natural Resources: 1/27/09, 1/30/09 [DPS].

Floor Activity

Passed House: 2/23/09, 97-0.

Brief Summary of Substitute Bill

- Eliminates the Washington Wheat Commission and the Washington Barley Commission and replaces them with the Washington Grain Commission.

HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Blake, Chair; Jacks, Vice Chair; Chandler, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Kretz, Lias, McCoy, Nelson, Ormsby, Pearson, Van De Wege and Warnick.

Staff: Jason Callahan (786-7117)

Background:

There are 25 agricultural commodity commissions in Washington. These commissions are formed primarily to engage in research and marketing for their specific commodity. The activities of commodity commissions are funded primarily by assessments on the producers of the commodities.

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.

Of the 25 commodity commissions, seven were formed directly by an act of the Legislature. These include the Apple Commission, the Honey Bee Commission, and the Wine Commission. These commissions have their own individual procedures and protocols.

The remaining 18 commodity commissions were created by order of the Director of the Washington State Department of Agriculture (WSDA). Commissions created by the WSDA follow the same general procedures. Examples of these commissions include the Asparagus Commission, the Seed Potato Commission, the Red Raspberry Commission, the Barley Commission, and the Wheat Commission.

Summary of Substitute Bill:

The Wheat Commission and the Barley Commission are dissolved and replaced by the Washington Grain Commission (Commission), an agency of state government overseen by the Director of the WSDA. All authorities, powers, and duties vested in the predecessor commissions, along with all obligations, property, and employees, are transferred to the new Commission.

The Commission is composed of five wheat producer members, two barley producer members, two members representing the wheat industry, one member representing the barley industry, and an appointee of the WSDA. The Commission's set jurisdiction is composed of the following counties: Adams, Asotin, Benton, Chelan, Columbia, Douglas, Ferry, Franklin, Garfield, Kittitas, Klickitat, Lincoln, Okanogan, Pend Oreille, Spokane, Stevens, Walla Walla, Whitman, and Yakima.

Commission members are appointed by the WSDA. Industry members are appointed by the Director of the WSDA, based on a recommendation forwarded by the Commission. The producer members are also appointed by the Director of the WSDA; however, the process involves formal nominating petitions and advisory ballots voted upon by wheat and barley producers.

The wheat and barley producer Commission members must be state residents over the age of 18; however, industry representatives may be residents of a different state as long as the person is involved with the handling, marketing, transportation, processing, or researching of wheat or barley in Washington. The jurisdiction of the Commission is broken into five districts for wheat and seven districts for barley. Each district must be represented on the Commission by a producer from that district. All Commission members are specifically authorized to also be members of other associations with similar objectives to the Commission.

Other than the appointee of the WSDA, Commission members serve three-year terms. The initial members of the Commission are the existing members of the Wheat Commission and three members of the Barley Commission. The initial Commission members will serve staggered terms until the permanent term schedule is established.

Commission members may be removed by the Director of the WSDA if the majority of the Commission votes to recommend the member's removal. Commission members may only be

removed for cause. Reasons for removal include excessive absence, abandonment of the position, acts of dishonesty, and willful misconduct.

Commission meetings must be held at least quarterly, including one annual meeting. Meetings must be pre-determined prior to the start of the calendar year, and the proposed Commission budget must be presented at the annual meeting. Commission members do not receive compensation for service but are eligible for travel reimbursement.

The Commission is expressly granted with a range of authorities relating to the promotion, marketing, and research of grains, and is provided with the authority to adopt rules and enter into contracts to further its mission. The Commission is also allowed to accept donations of liquor made from Washington-grown wheat or barley, and to disseminate the liquor without charge for agricultural trade promotion or development.

The Commission has the authority to assess a levy on the commercial production of wheat and barley. The initial assessment rates are those originally established by the Commission's two predecessor commissions. For wheat, the initial assessment is 0.75 percent of the net receipts at the first point of sale. For barley, the initial assessment is 1 percent of the net receipts at the first point of sale. Assessment rates can be proposed by the Commission, and with the assent of the Director of the WSDA, changes in assessment rates can be put to referendum for the producers to vote upon. A change in an assessment rate is considered approved if more than 50 percent of producers, by number of individuals and by volume of grain, vote for the referendum. Assessments may be temporally reduced with just a vote of the Commission.

The WSDA oversees the Commission; however, the Commission is responsible for reimbursing the WSDA for the costs of that oversight and assistance. Costs that may be incurred by the WSDA are rulemaking costs, the facilitation of appointment nominations and advisory votes, and staff time dedicated to the Commission.

It is a misdemeanor for any person to violate any rule adopted by the Commission. It is also a misdemeanor to submit fraudulent information requested or required by the Commission, or to fail to submit any requested report or filing. The Superior Court has the authority to enforce the actions of the Commission.

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) Many wheat growers also grow barley. The two commodity commissions have been around for a long time, and discussions about a merger have been in the works for four years. The merger will provide a united voice for two commodities with very similar

interests and needs, while maintaining the currently proven practices. Ninety-two percent of growers agree with the merger proposal.

Merging the two commodity commissions creates an economy of scale that will save the growers money. The assessments from the two commodities will still be tracked separately. The savings will also be noteworthy to the state since the WSDA will have less oversight responsibilities over one commission than it currently has over two.

Commodity commissions use growers' money for the needs of growers and do not affect state funds.

(With concerns) The public disclosure section of the bill should be clarified to ensure open access to the appropriate information.

(Opposed) None.

Persons Testifying: (In support) Representative Schmick, prime sponsor; Representative Blake; Eric Maier, Washington Association of Wheat Growers; Thomas Mick, Washington Wheat Commission; and Dan Coyne, Washington State Council of Farmer Cooperatives.

(With concerns) Rowland Thompson, Allied Daily Newspapers.

Persons Signed In To Testify But Not Testifying: None.