

HOUSE BILL REPORT

HB 2556

As Reported by House Committee On:
Agriculture & Natural Resources

Title: An act relating to financial security requirements under chapter 22.09 RCW

Brief Description: Regarding financial security requirements under chapter 22.09 RCW.

Sponsors: Representatives Fagan and Chandler.

Brief History:

Committee Activity:

Agriculture & Natural Resources: 1/21/10, 1/28/10 [DPS].

Brief Summary of Substitute Bill

- Provides an exemption from the financial security deposits requirement for warehouses that only receive grain from licensed grain dealers.

HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Blake, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Jacks, Kretz, Liias, McCoy, Nelson, Pearson, Rolfes, Van De Wege and Warnick.

Staff: Leslie Ryan-Connelly (786-7166).

Background:

A warehouse or grain dealer must provide a financial security deposit before they receive a license to operate from the Washington State Department of Agriculture (WSDA). A grain dealer that has: (1) \$100,000 or less in business each year; and (2) makes all his or her grain payments in cash, is exempt from the deposit requirement.

The financial security deposit must be between \$50,000 and \$750,000. The deposit amount for a warehouse is computed by bushel. The deposit amount for a grain dealer is computed based upon a percent of sales from the previous year.

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.

Warehouses are defined as elevators, mills, terminals, or warehouses used to store agricultural products received from the public. Fruit, vegetable, and cold storage warehouses are excluded from the definition. Warehouses that receive less than 300,000 tons of agricultural commodities are also excluded.

Summary of Substitute Bill:

If a warehouse that is required to obtain a license from the WSDA only receives grain from licensed grain dealers who meet the financial security deposit as a grain dealer, then the warehouse receiving grain is exempt from providing a financial security deposit.

Substitute Bill Compared to Original Bill:

The substitute bill corrects the term for "warehouse worker" to be consistent with existing definitions.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: 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 Lewis Clark Grain Terminal is a cooperative grain elevator that receives grain from other cooperatives that are also licensed by the state. The grain is bonded at each terminal. It will save the Lewis Clark Grain Terminal money if it does not have to provide the second security deposit on the same grain.

(Opposed) None.

Persons Testifying: Representative Fagan, prime sponsor; and Arjid Lyons.

Persons Signed In To Testify But Not Testifying: None.