

HOUSE BILL REPORT

SSB 6208

As Passed House:
March 1, 2012

Title: An act relating to license fees under the warehouse act.

Brief Description: Regarding license fees under the warehouse act.

Sponsors: Senate Committee on Agriculture, Water & Rural Economic Development (originally sponsored by Senators Schoesler and Hatfield).

Brief History:

Committee Activity:

General Government Appropriations & Oversight: 2/22/12 [DP].

Floor Activity:

Passed House: 3/1/12, 86-10.

Brief Summary of Substitute Bill

- Increases several fees related to the Washington State Department of Agriculture's Warehouse Audit Program.

HOUSE COMMITTEE ON GENERAL GOVERNMENT APPROPRIATIONS & OVERSIGHT

Majority Report: Do pass. Signed by 12 members: Representatives Hudgins, Chair; Miloscia, Vice Chair; Moscoso, Vice Chair; McCune, Ranking Minority Member; Taylor, Assistant Ranking Minority Member; Ahern, Blake, Fitzgibbon, Ladenburg, Pedersen, Van De Wege and Wilcox.

Staff: Michael Bennion (786-7118).

Background:

The Warehouse Audit Program (Program) is administered by the Washington State Department of Agriculture (WSDA) and is tasked with protecting commodity depositors and producers by regulating and educating stakeholders on state and federal grain warehouse and dealer requirements. Warehouses that store specified agricultural commodities are required

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to be licensed and bonded if they are in operation. The WSDA supervises the receiving, storage, weighing, and inspection of grain to ensure licensees are meeting storage requirements and other contractual obligations.

The Program is supported through fees that vary according to warehouse or licensee type. Current license fees range from \$300 for exempted grain dealers to \$1,350 for terminal warehouses. Routine audits are performed to determine if licensees are in compliance with state laws. A minimum of one compliance examination is performed during the license period. The license period begins each July 1 and expires on June 30.

Summary of Bill:

The bill increases license fees as follows:

- Terminal warehouses – the current fee of \$1,350 is increased to \$1,900.
- Sub-terminal warehouses – the current fee of \$1,050 is increased to \$1,500.
- Grain dealers – the current fee of \$750 is increased to \$1,750.
- Exempt grain dealers – the current fee of \$300 is increased to \$500.
- Country warehouses – the current \$500 fee is increased to \$700.

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) Farmers are not under this provision because this relates to licensed public storage. When grain is taken to a licensed elevator, audits are required to ensure that the grain that is actually there matches the books. One of the worst nightmares for a farmer is to wake up one day and the amount of grain in the elevator does not agree with the books. The Program protects the buyers, sellers, distributors, co-op members, and private market. There are two people who do the auditing now and they are nearing retirement. They have to audit, one or two times a year, every grain elevator in the state. It takes a long time to train someone to do this type of work. The bill will enable the WSDA to hire a person with the expectation of replacing the retiring inspector. This has the support of the grain industry, and was at the request of grain elevator operators small and large.

About a dozen of the Washington State Council of Farmer Cooperatives members are grain co-ops from Eastern Washington who handle a vast majority of the grain produced in the state and are in support of this bill. Fees were last increased in 1999. Warehouse mergers and older elevators phasing out has led to decreased revenues to the program. Expenses for serving the current customers are rising. The WSDA would like to phase in a new person as retirement occurs and have adequate time to train the person.

(Opposed) None.

Persons Testifying: Senator Schoesler, prime sponsor; and Mark Streuli, Washington State Department of Agriculture.

Persons Signed In To Testify But Not Testifying: None.