

HOUSE BILL REPORT

ESB 5691

As Reported By House Committee On:

Agriculture & Ecology

Title: An act relating to agricultural commodity commissions.

Brief Description: Authorizing certain commodity commissions to raise assessments in excess of the fiscal growth factor.

Sponsors: Senators Rasmussen, Newhouse, Loveland, Sellar and Hochstatter.

Brief History:

Committee Activity:

Agriculture & Ecology: 3/23/95, 3/30/95 [DPA].

HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

Majority Report: Do pass as amended. Signed by 17 members: Representatives Chandler, Chairman; Koster, Vice Chairman; McMorris, Vice Chairman; Mastin, Ranking Minority Member; Chappell, Assistant Ranking Minority Member; Boldt; Clements; Delvin; R. Fisher; Honeyford; Johnson; Kremen; Poulsen; Regala; Robertson; Rust and Schoesler.

Staff: Kenneth Hirst (786-7105).

Background:

Tree Fruit Research Commission. The Tree Fruit Research Commission was created by statute to carry out research regarding the planting, production, harvesting, handling, processing, or shipment of tree fruit and to administer industry specific service programs. The activities of the commission are funded by assessments on tree fruit commercially produced in the state. To take effect, the initial assessment authorized by statute had to be approved by a referendum submitted to the commercial producers of tree fruit. Similarly, any increases in the assessment must be approved by a referendum submitted to the producers. The current assessment rate for cherries is \$2 per ton. State law permits the producers to establish, by referendum, an additional assessment for programs such as sanitation programs and those assisting the reregistration of pesticides for use on minor crops. Currently, the commission is to establish such assessments, by referendum, for an Industry Services Fund and to maintain a balance of approximately \$100,000 in the fund.

Commodity Boards & Commissions - In General. Some agricultural commodity commissions, such as the Tree Fruit Research Commission, Apple Advertising Commission, Beef Commission, and Dairy Products Commission, have been created by statute. The state's Agricultural Enabling Acts of 1955 and 1961 provide procedures under which the producers of agricultural commodities may prepare marketing agreements and orders to create, by referenda, agricultural commodity boards and commissions for the commodities without further statutory authority.

The Agricultural Enabling Act of 1961 requires a marketing order adopted under the act creating a commodity board to specify the assessment as part of the marketing order. The order may be amended only by a referendum approved by affected producers or producers and handlers or by the written agreement by the affected parties. The Hop Commodity Board and the Mint Commodity Board were created under the authority of the Agricultural Enabling Act of 1961.

Hops & Mint. Through 1995, the annual assessment on all varieties of hops is \$2.50 per unit. Beginning in 1996, the assessment is \$1.25 per unit. The assessed unit for hops is 200 pounds or the lupulin, extract, or oil from 200 pounds. The current annual assessment for mint oil is three and one-half cents per pound of oil as weighed by the first purchaser.

Initiative 601. Initiative 601 was approved by the voters at the November 1993 general election. Section 8 of the initiative states that no fee may increase in any fiscal year by a percentage in excess of the fiscal growth factor for that fiscal year without prior legislative approval. The fiscal growth factor for a fiscal year is the average of the sum of inflation and population change for each of the prior three fiscal years. Until July 1, 1995, state taxes may be raised only if approved by the voters.

Summary of Amended Bill: The Tree Fruit Research Commission is authorized to increase the assessment on cherries in excess of the fiscal growth factor to \$4 per ton. It may also, with regard to any additional assessment placed on all tree fruits, establish an additional assessment (in excess of the fiscal growth factor) of not more than eight cents per ton.

The Hop Commission is authorized to raise the rate of annual assessment in excess of the fiscal growth factor from \$2.50 per unit to \$3 per unit. The Mint Commission may adjust the annual assessment in excess of the fiscal growth factor from three and a half cents per unit to five cents per unit. These assessments by the Hop Commission and the Mint Commission may be raised only by using the procedures established in the Agricultural Enabling Act of 1961.

These assessment limits apply only to a commission's authority to raise assessments in excess of the fiscal growth factor.

Amended Bill Compared to Engrossed Bill: The substitute bill clarifies the "units" affected by the assessments and expressly states that the assessment limits provided by the bill apply only to a commission's authority to raise assessments in excess of the fiscal growth factor.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect on July 1, 1995.

Testimony For: This bill is important for the commodity commissions.

Testimony Against: None.

Testified: Senator Rasmussen (prime sponsor); and Chris Cheney, Hop Growers of Washington (pro).