

# HOUSE BILL REPORT

## EHB 2773

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### As Passed Legislature

**Title:** An act relating to sales of fruit.

**Brief Description:** Revising standards for apple grades and requiring reports on the consignment sales of apples under the new standards.

**Sponsors:** By Representatives Clements, Linville, Chandler and Grant.

**Brief History:**

**Committee Activity:**

Agriculture & Ecology: 2/7/02 [DPS].

**Floor Activity:**

Passed House: 2/14/02, 98-0.

Senate Amended.

Passed Senate: 3/7/02, 48-0.

House Concurred.

Passed House: 3/11/02, 96-0.

Passed Legislature.

### Brief Summary of Engrossed Bill

- Requires standards for grades and packs of apples to be revised for potential revision and requests industry review of its marketing information needs.
- Requires a report on apples imported into the U. S. and received and sold by commission merchants in this state.

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### HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Linville, Chair; Hunt, Vice Chair; Schoesler, Ranking Minority Member; Chandler, Cooper, Delvin, Grant, Holmquist, Kirby, Quall and Roach.

**Staff:** Kenneth Hirst (786-7105).

**Background:**

State laws require the director of Agriculture to establish standards and grades for apples, apricots, Italian prunes, peaches, sweet cherries, pears, potatoes and asparagus and allow the director to establish them for other fruits and vegetables.

With certain exceptions, no person may act as a commission merchant, dealer, broker, or cash buyer for agricultural commodities, or as the agent of any of them, without being licensed under the state's commission merchant laws. A "commission merchant" is a person who receives an agricultural product on consignment for sale on commission on behalf of the consignor, or for processing and such a sale. It is also a person who accepts a farm product in trust from a consignor for the purpose of resale, or who sells on commission an agricultural product, or who in any way handles an agricultural product for a consignor.

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**Summary of Engrossed Bill:**

Studies. The director of Agriculture must convene an existing industry committee on apple grades and packs to recommend by consensus revisions to the standards for grades and packs of apples. The objective is to identify a desired level of uniformity that will ensure that the apples of a particular variety, grade, and pack sold from one warehouse will be equivalent to the apples of the same variety, grade, and pack sold from other warehouses. If the industry committee recommends the revision by consensus by December 15, 2003, the director must give great weight to the recommendations in proposing the adoption of rules that reflect the consensus recommendations. If it does not make recommendations by consensus, the committee must report its findings and conclusions to the Department of Agriculture and the Legislature.

The legislature invites various industry associations to conduct a thorough analysis of the marketing information needs of the industry and report to the department and the Legislature. On issues for which consensus has not been reached, each industry organization is requested to provide a brief statement containing the perspective of that industry segment. The reports are requested to be submitted by December 15, 2003.

Imported Apples. Each commission merchant who received apples imported into the U. S. between January 1, 2002, and November 30, 2002, must report to the department on the volume of each variety of imported apples that was received by and packed and sold by the commission merchant. The information must be reported by December 15, 2002. The department must compile the information and report it, in the aggregate, to the Legislature by December 31, 2002. Such information that can be identified to a particular business is not subject to disclosure under the state's public disclosure laws.

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**Appropriation:** None.

**Fiscal Note:** Requested on February 3, 2002.

**Effective Date:** Ninety days after adjournment of session in which bill is passed. Section 1, regarding standards for apple grades and packs, expires April 30, 2004.

**Testimony For:** (1) Although a person may pack apples to higher standards than the state or federal standards, an official state inspection cannot be conducted to such unofficial standards. (2) The state standards emphasize appearance, not taste. As a result, sellers pack to a variety of unofficial "grades" within the official grades. Since there is no way to provide uniformity of quality, growers of quality apples are losing money unnecessarily. (3) Uniformity in standards is needed to keep buyers from playing one seller against another. (4) Some packers treat the sales records they must keep for growers as if the growers should not look at them, or if they do, the growers can do business elsewhere. Under current law, a grower is entitled to "view" a record, but cannot even take notes regarding the sale of the grower's fruit, even though the grower still owns it for 24 hours after it has been shipped. A change in reporting is needed. (5) The federal law requires the records to be "rendered," not just "available." Being able to take possession of the record and analyze it would be valuable to a grower dealing with a tough market.

**Testimony Against:** (With concerns) (1) The industry committee referred to in the bill for developing recommended changes to standards for grades and packs has not reached consensus on such changes so far; the Director of Agriculture should not be in the position of having to make those changes without that consensus. (2) The department's data collection system for sales made by commission merchants depends on the voluntary submission of data by the merchants. The department cannot attest to the accuracy of the information it now receives.

**Testified:** (In support) Representative Clements, prime sponsor; Gary Holwegner; Bill Goble; and Paul Hollander.

(With concerns) Jerry Buendel, Department of Agriculture.