

SENATE BILL REPORT

SB 5897

As Reported By Senate Committee On:
Agriculture & International Trade, February 23, 2001

Title: An act relating to international marketing of agriculture.

Brief Description: Increasing the international trade of Washington state agricultural products.

Sponsors: Senators Rasmussen, Shin, Parlette, Hale, Hewitt and Kohl-Welles.

Brief History:

Committee Activity: Agriculture & International Trade: 2/21/01, 2/23/01 [DPS-WM].

SENATE COMMITTEE ON AGRICULTURE & INTERNATIONAL TRADE

Majority Report: That Substitute Senate Bill No. 5897 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Rasmussen, Chair; Shin, Vice Chair; Parlette, Sheahan and Swecker.

Staff: Bob Lee (786-7404)

Background: In recent years, there has been a significant decline in the value of exports of agricultural commodities produced in Washington State. This decline in sales has resulted in a significant reduction in the prices received for many agricultural commodities produced in the state. Among the causes of the decline are a strong exchange rate for the United States dollar, increased agricultural marketing programs of competing countries, and protective trade barriers established by foreign governments.

Summary of Substitute Bill: A market development and promotion matching fund is created to be administered by the Department of Agriculture. The purpose of the program is to allow the Department of Agriculture and the agricultural industry to combine funds in order to hire a contractor for enhancing markets where the potential for growth in sales exist. Also, the funds may be used to support other marketing functions such as buying missions and trade promotions. The sum of \$250,000 is appropriated for each of the ensuing two fiscal years.

A trade barrier matching fund program is also created. Monies in the fund are to be used to provide large and small commodity groups an improved ability to address trade barrier issues. The Department of Agriculture is provided with sole discretions on how these funds are to be distributed. The sum of \$250,000 is appropriated for each of the ensuing two fiscal years.

An eastern Washington trade specialist position is established along with administrative support. The sum of \$125,000 is appropriated in each of the ensuing fiscal years to fund the trade specialist position.

The Department of Agriculture must provide a biennial report to the Legislature on each activity that receives funding assistance under this chapter that includes an estimate of the amount of increased sales of agricultural products. Also, the department must report on the amount of state, Commodity Commission and other funds that were utilized for each activity.

Substitute Bill Compared to Original Bill: A requirement was included to report to the Legislature each biennium. The placement of the eastern Washington trade specialist specifically in Moses Lake was deleted.

Appropriation: \$1,250,000 to the Department of Agriculture per biennium.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Export sales of agricultural products have dropped significantly in the last five years. This has resulted in very depressed conditions across many agricultural commodities grown in Washington State. To reverse this decline, efforts should be strengthened to develop markets for ag products. With the expansion of free trade agreements such as NAFTA and the World Trade Organization, foreign countries continue to restrict market access through erection of non-tariff trade barriers. If agricultural products produced in Washington are going to access those markets, more resources will be needed to take issues through legal processes to overcome non-tariff trade barriers. Improving the sales of our agricultural commodities will generate taxes and revenues to the state and local governments, and will help revitalize local rural communities.

Testimony Against: None.

Testified: PRO: Don Stuart, American Farmland Trust; Dan Coyne, WA State Council of Farmer Co-ops; Chris Cheney, Dairy Federation, Hop Growers; Pat Boss, Charlie Brown, WA State Potato Commission.