

SENATE BILL REPORT

SB 6393

AS REPORTED BY COMMITTEE ON WAYS & MEANS, FEBRUARY 10, 1992

Brief Description: Instituting fees on dairy producers and handlers and food processors to support WSDA food safety inspection program.

SPONSORS: Senator Bailey; by request of Department of Agriculture

SENATE COMMITTEE ON AGRICULTURE & WATER RESOURCES

Majority Report: That Substitute Senate Bill No. 6393 be substituted therefor, and the substitute bill do pass.

Signed by Senators Barr, Chairman; Anderson, Vice Chairman; Bailey, Conner, and Newhouse.

Staff: Bob Lee (786-7404)

Hearing Dates: January 28, 1992; February 4, 1992

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6393 as recommended by Committee on Agriculture & Water Resources be substituted therefor and the substitute bill do pass.

Signed by Senators McDonald, Chairman; Bailey, Bauer, Bluechel, Gaspard, Metcalf, Murray, Newhouse, Rinehart, Saling, Talmadge, and Wojahn.

Staff: Michael Groesch (786-7715)

Hearing Dates: February 6, 1992; February 10, 1992

BACKGROUND:

Currently, the dairy and food inspection program is funded primarily through appropriations from the state general fund. The current fee for obtaining a food processors license is \$25 per year.

The frequency of inspections is largely dependent upon the amount of funds available to the program. There is concern that the amount of general funds available to the program does not provide a sufficient frequency of inspection to assure that only quality food products are provided to consumers.

SUMMARY:

A fee structure is established on milk producers, milk processors and food processors operating in this state.

Milk producers would be assessed up to one cent per hundredweight of milk produced in this state. There is a

maximum total assessment that is not to exceed \$1,500 per grade. The assessments would be collected by the operator of the first milk plant receiving the milk. This assessment is scheduled to expire on June 30, 1995.

There is created a dairy inspection program advisory committee. The committee is composed of nine members including six producers, two handlers and one producer-handler. The committee is to provide recommendations to the director, consistent with the pasteurized milk ordinance, including (1) the efficiency of the administration of the dairy inspection program, adequacy of level of inspection staff, and the ratio of inspectors to management employees; and (2) consider alternatives to the state program which may include privatization of various elements of the inspection program.

The advisory committee is to report to the agriculture committees of the House and Senate by December 1, 1994 of its recommendations for long-term structure and funding of the dairy inspection program. This advisory committee is scheduled to expire on June 30, 1995.

A fee schedule is established for persons who operate a milk plant. The fees are based upon the gross annual value of processed products and range between \$50 and \$750 annually. This fee schedule is to expire on June 30, 1995.

A fee schedule is established for persons who operate food processing plants. The fees are based upon the gross annual value of processed product and range between \$50 and \$750 annually. This fee schedule replaces the current \$25 per year annual license fee.

The money generated by the assessment on milk, and fees on milk plants and processing plants is placed in the agricultural local fund. This fund is not subject to appropriation by the Legislature.

EFFECT OF PROPOSED SUBSTITUTE:

The authorization for the Department of Agriculture to establish by rule an assessment on milk producers not to exceed 1 cent per hundredweight is deleted. It is replaced by an annual fee set in statute of \$50 for producers whose production is less than 3,600,000 pounds per year. For producers that produce more than 3,600,000 pounds, the fee is set at \$100.

A fee structure for dairy processors is deleted and replaced with an assessment of three tenths of a cent per hundredweight.

The composition of the Dairy Inspection Advisory Committee is changed to four producers, four handlers and one producer-handler.

The fee schedule for food processing licenses were not altered.

Appropriation: none

Revenue: yes

Fiscal Note: requested January 27, 1992

TESTIMONY FOR:

Over the years, the frequency of inspection of dairies and food processing plants has declined due to inadequate appropriations from the general fund. The economic consequences to farmers and processors of the Snohomish Milk Bulk Tank unit failure to pass federal requirements could happen again unless an additional funding source is developed.

TESTIMONY AGAINST:

Milk producers are unable to pass increased costs along and thus any additional fees will result in a loss in income to dairy farmers. The dairy farmer is presently under a high amount of economic stress due to low milk prices and many dairy farmers are not able to pay additional fees. There is concern that the Department of Agriculture's program may not be administered as efficiently as it could be and there is a lack of agreement whether a funding increase is justified.

TESTIFIED: PRO: Judy Nix, dairy farmer; Charles Boon, dairy farmer; Dan Coyne, Dairy Federation; Debbie Becker, Dairy Federation; Mike Schwisow, Dept. of Agriculture