
SUBSTITUTE HOUSE BILL 2128 (Corrected Copy)

State of Washington

64th Legislature

2015 Regular Session

By House General Government & Information Technology (originally sponsored by Representative Hudgins; by request of Department of Agriculture)

READ FIRST TIME 02/27/15.

1 AN ACT Relating to fees assessed by the department of
2 agriculture; amending RCW 15.36.051, 15.36.081, 15.36.491, 15.36.525,
3 15.36.551, 69.07.040, 69.07.085, and 69.10.015; adding a new section
4 to chapter 15.36 RCW; creating a new section; and providing an
5 expiration date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that section
8 309(4), chapter 4, Laws of 2013 2nd sp. sess. directed the department
9 of agriculture to convene and facilitate a work group with
10 appropriate stakeholders to review fees supporting programs within
11 the department that are also supported with the state general fund.

12 (2) The legislature further finds that with the help of a
13 consulting firm, the department of agriculture identified fees in the
14 food safety and animal health programs that met the budget proviso
15 criteria. The department then formed a work group with
16 representatives from dairy, food processing, and other relevant
17 professional associations.

18 (3) The legislature further finds that the work group's final
19 report recommends fee increases for fees that do not completely cover
20 the costs of services provided and that will make programs within the
21 department of agriculture less reliant on the state general fund.

1 Therefore, the legislature intends to implement the recommendations
2 of the work group's report.

3 **Sec. 2.** RCW RCW 15.36.051 and 2005 c 414 s 1 are each amended to
4 read as follows:

5 (1) A milk processing plant must obtain an annual milk processing
6 plant license from the department, which shall expire on June 30th of
7 each year. A milk processing plant may choose to process ~~((+1))~~: (a)
8 Grade A milk and milk products~~((+))~~; or ~~((+2))~~ (b) other milk
9 products that are not classified grade A.

10 (2) Only one license may be required to process milk; however,
11 milk processing plants must obtain the necessary endorsements from
12 the department in order to process products as defined for each type
13 of milk or milk product processing. Application for a license shall
14 be on a form prescribed by the director and accompanied by a ~~((fifty-~~
15 ~~five))~~ two hundred fifty dollar annual license fee beginning July 1,
16 2015. The applicant shall include on the application the full name of
17 the applicant for the license and the location of the milk processing
18 plant he or she intends to operate and any other necessary
19 information. Upon the approval of the application by the director and
20 compliance with the provisions of this chapter, including the
21 applicable rules adopted under this chapter by the department, the
22 applicant shall be issued a license or a renewal of a license.

23 (3) Licenses shall be issued to cover only those products,
24 processes, and operations specified in the license application and
25 approved for licensing. If a license holder wishes to engage in
26 processing a type of milk product that is different than the type
27 specified on the application supporting the licensee's existing
28 license and processing that type of food product would require a
29 major addition to or modification of the licensee's processing
30 facilities, the licensee shall submit an amendment to the current
31 license application. In such a case, the licensee may engage in
32 processing the new type of milk product only after the amendment has
33 been approved by the department.

34 (4) A licensee under this section shall not be required to obtain
35 a food processing plant license under chapter 69.07 RCW to process
36 milk or milk products.

37 (5) The director shall waive the fee for a food processing
38 license under chapter 69.07 RCW for persons who are also licensed as
39 a milk processing plant.

1 (6) The department must increase the license fee on September 30,
2 2019, and every four years thereafter, by the amount of inflation in
3 the previous four-year period as measured by the percentage change in
4 the implicit price deflator published by the United States department
5 of commerce. The fee must be rounded to the nearest quarter of a
6 dollar.

7 **Sec. 3.** RCW 15.36.081 and 1999 c 291 s 5 are each amended to
8 read as follows:

9 (1) A dairy technician must obtain a dairy technician's license
10 to conduct operations under this chapter. Such license shall be
11 limited to those functions which the licensee has been found
12 qualified to perform. Before issuing the license the director shall
13 assess the applicant's qualifications and may test the applicant for
14 the functions for which application has been made.

15 (2) Application for a license as a dairy technician shall be made
16 upon forms provided by the director, and shall be filed with the
17 department. The director may issue a temporary license to the
18 applicant for such period as may be prescribed and stated in the
19 license, not to exceed sixty days, but the license may not be renewed
20 to extend the period beyond sixty days.

21 (3) The initial application and renewal for a dairy technician's
22 license must be accompanied by a license fee of (~~ten dollars. The~~
23 fee for renewal of the license is five)) twenty-five dollars
24 beginning July 1, 2015. All dairy technicians' licenses shall expire
25 on December 31st of odd-numbered years.

26 (4) The initial application for any endorsement beyond a dairy
27 technician's license must be accompanied by an endorsement fee of
28 twenty-five dollars beginning July 1, 2015.

29 (5) The department must increase the license fee and endorsement
30 fee on September 30, 2019, and every four years thereafter, by the
31 amount of inflation in the previous four-year period as measured by
32 the percentage change in the implicit price deflator published by the
33 United States department of commerce. The fee must be rounded to the
34 nearest quarter of a dollar.

35 **Sec. 4.** RCW 15.36.491 and 2005 c 414 s 4 are each amended to
36 read as follows:

37 All moneys received for licenses under this chapter shall be
38 deposited (~~in the general fund, except that all moneys received for~~

1 ~~annual milk processing plant licenses under RCW 15.36.051 shall be~~
2 ~~deposited))~~ in the agricultural local fund established under RCW
3 43.23.230.

4 **Sec. 5.** RCW 15.36.525 and 1999 c 291 s 25 are each amended to
5 read as follows:

6 (1) The department may issue sanitary certificates to milk
7 processing plants under this chapter subject to such requirements as
8 it may establish by rule. The fee for issuance is ~~((fifty))~~ seventy-
9 five dollars per certificate beginning July 1, 2015. Fees collected
10 under this section shall be deposited in the agricultural local fund.

11 (2) The department must increase the fee on September 30, 2019,
12 and every four years thereafter, by the amount of inflation in the
13 previous four-year period as measured by the percentage change in the
14 implicit price deflator published by the United States department of
15 commerce. The fee must be rounded to the nearest quarter of a dollar.

16 **Sec. 6.** RCW 15.36.551 and 2010 c 17 s 1 are each amended to read
17 as follows:

18 (1) There is levied on all milk processed in this state an
19 assessment not to exceed fifty-four one-hundredths of one cent per
20 hundredweight. The director shall determine, by rule, an assessment,
21 that with contribution from the general fund, will support an
22 inspection program to maintain compliance with the provisions of the
23 pasteurized milk ordinance of the national conference on interstate
24 milk shipment.

25 (2) All assessments under this section shall be levied on the
26 operator of the first milk processing plant receiving the milk for
27 processing. This shall include milk processing plants that produce
28 their own milk for processing and milk processing plants that receive
29 milk from other sources. Milk processing plants whose monthly
30 assessment for receipt of milk totals less than twenty dollars in any
31 given month are exempted from paying this assessment for that month.

32 (3) All moneys collected under this section shall be paid to the
33 director by the twentieth day of the succeeding month for the
34 previous month's assessments. The director shall deposit the funds
35 into the dairy inspection account hereby created within the
36 agricultural local fund established in RCW 43.23.230. The funds shall
37 be used only to provide inspection services to the dairy industry.

1 (4) If the operator of a milk processing plant fails to remit any
2 assessments, that sum shall be a lien on any property owned by him or
3 her, and shall be reported by the director and collected in the
4 manner and with the same priority over other creditors as prescribed
5 for the collection of delinquent taxes under chapters 84.60 and 84.64
6 RCW.

7 (5) The department must increase the assessment on September 30,
8 2019, and every four years thereafter, by the amount of inflation in
9 the previous four-year period as measured by the percentage change in
10 the implicit price deflator published by the United States department
11 of commerce. The fee must be rounded to the nearest quarter of a
12 dollar.

13 (6) This section expires June 30, ((2015)) 2020.

14 NEW SECTION. Sec. 7. A new section is added to chapter 15.36
15 RCW to read as follows:

16 (1) The department may, upon inspection, assess an inspection fee
17 on any manufacturing facility that is required to be inspected under
18 the PMO and does not satisfy the definition of "milk processing
19 plant" as defined in this chapter, "food processing plant" as defined
20 in RCW 69.07.010, or "food storage warehouse" as defined in RCW
21 69.10.005.

22 (2) The department must increase the inspection fee on September
23 30, 2019, and every four years thereafter, by the amount of inflation
24 in the previous four-year period as measured by the percentage change
25 in the implicit price deflator published by the United States
26 department of commerce. The fee must be rounded to the nearest
27 quarter of a dollar.

28 **Sec. 8.** RCW 69.07.040 and 1995 c 374 s 21 are each amended to
29 read as follows:

30 (1) It ((shall be)) is unlawful for any person to operate a food
31 processing plant or process foods in the state without first having
32 obtained an annual license from the department, which shall expire on
33 a date set by rule by the director. License fees shall be prorated
34 where necessary to accommodate staggering of expiration dates.
35 Application for a license shall be on a form prescribed by the
36 director and accompanied by the license fee. The license fee is
37 determined by computing the gross annual sales for the accounting
38 year immediately preceding the license year. If the license is for a

1 new operator, the license fee shall be based on an estimated gross
2 annual sales for the initial license period.

3	If gross annual sales are:	The license fee is:
4	\$0 to \$50,000	\$(55.00) <u>92.00</u>
5	\$50,001 to \$500,000	\$(110.00)
6		<u>147.00</u>
7	\$500,001 to \$1,000,000	\$(220.00)
8		<u>262.00</u>
9	\$1,000,001 to \$5,000,000	\$(385.00)
10		<u>427.00</u>
11	\$5,000,001 to \$10,000,000	\$(550.00)
12		<u>585.00</u>
13	Greater than \$10,000,000	\$(825.00)
14		<u>862.00</u>

15 ~~((Such application shall))~~ (2) Applications under this section must
16 include:

17 (a) The full name of the applicant for the license and the
18 location of the food processing plant he or she intends to operate~~((-~~
19 ~~if such))~~, and if the applicant is an individual, receiver, trustee,
20 firm, partnership, association, or corporation, the full name of each
21 member of the firm or partnership, or names of the officers of the
22 association or corporation ~~((shall be given on the application. Such~~
23 ~~application shall further state))~~);

24 (b) The principal business address of the applicant in the state
25 and elsewhere and the name of a person domiciled in this state
26 authorized to receive and accept service of summons of legal notices
27 of all kinds for the applicant~~((The application shall also~~
28 ~~specify))~~); and

29 (c) The type of food to be processed and the method or nature of
30 processing operation or preservation of that food and any other
31 necessary information.

32 (3) Upon the approval of the application by the director and
33 compliance with the provisions of this chapter, including the
34 applicable regulations adopted ~~((hereunder))~~ by the department, the
35 applicant shall be issued a license or renewal ~~((thereof))~~.

36 (4) Licenses shall be issued to cover only those products,
37 processes, and operations specified in the license application and

1 approved for licensing. Wherever a license holder wishes to engage in
2 processing a type of food product that is different than the type
3 specified on the application supporting the licensee's existing
4 license and processing that type of food product would require a
5 major addition to or modification of the licensee's processing
6 facilities or has a high potential for harm, the licensee (~~shall~~)
7 must submit an amendment to the current license application. In such
8 a case, the licensee may engage in processing the new type of food
9 product only after the amendment has been approved by the department.

10 (5) If upon investigation by the director, it is determined that
11 a person is processing food for retail sale and is not under permit,
12 license, or inspection by a local health authority, then that person
13 may be considered a food processor and subject to the provisions of
14 this chapter.

15 (6) The director may waive the licensure requirements of this
16 chapter for a person's operations at a facility if the person has
17 obtained a milk processing plant license under chapter 15.36 RCW to
18 conduct the same or a similar operation at the facility.

19 (7) The department must increase the license fees on September
20 30, 2019, and every four years thereafter, by the amount of inflation
21 in the previous four-year period as measured by the percentage change
22 in the implicit price deflator published by the United States
23 department of commerce. The fee must be rounded to the nearest
24 quarter of a dollar.

25 **Sec. 9.** RCW 69.07.085 and 1995 c 374 s 23 are each amended to
26 read as follows:

27 (1) The department may issue sanitary certificates to food
28 processors under this chapter subject to such requirements as it may
29 establish by rule. The fee for issuance shall be (~~fifty~~) seventy-
30 five dollars per certificate. Fees collected under this section shall
31 be deposited in the agricultural local fund.

32 (2) The department must increase the fee on September 30, 2019,
33 and every four years thereafter, by the amount of inflation in the
34 previous four-year period as measured by the percentage change in the
35 implicit price deflator published by the United States department of
36 commerce. The fee must be rounded to the nearest quarter of a dollar.

37 **Sec. 10.** RCW 69.10.015 and 1995 c 374 s 10 are each amended to
38 read as follows:

1 (1) Except as provided in this section and RCW 69.10.020, it
2 shall be unlawful for any person to operate a food storage warehouse
3 in the state without first having obtained an annual license from the
4 department, which shall expire on a date set by rule by the director.
5 Application for a license or license renewal shall be on a form
6 prescribed by the director and accompanied by the license fee. The
7 license fee is (~~fifty~~) two hundred dollars.

8 (2) For a food storage warehouse that has been inspected on at
9 least an annual basis for compliance with the provisions of the
10 current good manufacturing practices (Title 21 C.F.R. part 110) by a
11 federal agency or by a state agency acting on behalf of and under
12 contract with a federal agency and that is not exempted from
13 licensure by RCW 69.10.020, the annual license fee for the warehouse
14 is twenty-five dollars.

15 (3) The application shall include the full name of the applicant
16 for the license and the location of the food storage warehouse he or
17 she intends to operate. If such applicant is an individual, receiver,
18 trustee, firm, partnership, association, or corporation, the full
19 name of each member of the firm or partnership, or names of the
20 officers of the association or corporation must be given on the
21 application. The application shall further state the principal
22 business address of the applicant in the state and elsewhere and the
23 name of a person domiciled in this state authorized to receive and
24 accept service of summons of legal notices of all kinds for the
25 applicant. Upon the approval of the application by the director and
26 compliance with the provisions of this chapter, including the
27 applicable regulations adopted under this chapter by the department,
28 the applicant shall be issued a license or renewal thereof. The
29 director shall waive licensure under this chapter for firms that are
30 licensed under the provisions of chapter 69.07 or 15.36 RCW.

31 (4) The department must increase the license fee on September 30,
32 2019, and every four years thereafter, by the amount of inflation in
33 the previous four-year period as measured by the percentage change in
34 the implicit price deflator published by the United States department
35 of commerce. The fee must be rounded to the nearest quarter of a
36 dollar.

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