

## WSR 23-22-124

## PROPOSED RULES

## DEPARTMENT OF AGRICULTURE

[Filed November 1, 2023, 7:58 a.m.]

Original Notice.

Preproposal statement of inquiry was filed as WSR 22-20-098.

Title of Rule and Other Identifying Information: Chapter 16-157 WAC, Organic food standards and certification.

Hearing Location(s): On December 12, 2023, at 9:00 a.m., via Microsoft Teams meeting. Join on your computer, mobile app, or room device with the following link [https://teams.microsoft.com/l/meetup-join/19%3ameeting\\_MjkkxNWZjNWMtNzJiNy00ZDk5LTk1MzAtMWIzNTlhOTkzMVj%40thread.v2/0?](https://teams.microsoft.com/l/meetup-join/19%3ameeting_MjkkxNWZjNWMtNzJiNy00ZDk5LTk1MzAtMWIzNTlhOTkzMVj%40thread.v2/0?context=%7b%22Tid%22%3a%2211d0e217-264e-400a-8ba0-57dcc127d72d%22%2c%22Oid%22%3a%22838c55c7-c187-44ae-8de0-2be684ce5d4a%22%7d)

Meeting ID 282 304 706 472, Passcode 0tEKs9; or call in (audio only) +1 564-999-2000, Phone Conference ID 833 267 921.

Date of Intended Adoption: December 19, 2023.

Submit Written Comments to: Gloriann Robinson, Rules Coordinator, P.O. Box 42560, Olympia, WA 98504-2560, email [wsdarulescomments@agr.wa.gov](mailto:wsdarulescomments@agr.wa.gov), fax 360-902-2092, by December 12, 2023.

Assistance for Persons with Disabilities: Contact Leah Doyle, phone 360-902-2070, fax 360-902-2087, TTY 800-833-6388, email [ldoyle@agr.wa.gov](mailto:ldoyle@agr.wa.gov), by December 5, 2023.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: The department is proposing to increase the following fees throughout WAC 16-157-251 to ensure that the full cost of operating the program is recovered. The fee increases are as follows: New applicant fee - increased from \$375 to \$500; Renewal fees - increased 38 percent on average for all income ranges; Minimum renewal fee - increased from \$412.50 to \$570; Inspection fees for crop producers increased from \$375 to \$500; Inspection fees for livestock producers increased from \$250 to \$500; Inspection fees for wild crop producers increased from \$100 to \$200; and Inspection fees for handlers, processors, or retailers increased from \$500 to \$750.

Additionally, this proposal removes the new product application fee. The new product fee was intended to recover the additional costs of reviewing a new product. In practice, this fee disproportionately affected specific business types that had multiple types or variations of products with very small differences. While it had a significant impact on businesses, the total revenue it generated for the program was minimal. These costs will instead be covered by the increase in renewal fees.

Reasons Supporting Proposal: The Washington state department of agriculture (WSDA) organic program is the seventh largest certification agency in the United States, serving over 1,100 certified organic operations and over 300 businesses manufacturing or distributing input materials for use in organic production. The program is funded solely by certification and registration fees.

The current fee structure was revised in 2018 with a goal of simplifying the fee schedule by consolidating renewal fees, which were previously split by scope, and replacing the new application, which required an estimate and reevaluation, with a flat fee. Additionally, the revised fee structure included an annual inspection fee, which is a flat fee not based on the scale of the operation, to promote consis-

tency. The restructure succeeded in simplifying how fees are assessed and consolidating fees into a streamlined system. However, overall program operating costs have also continued to increase more rapidly than expected since the revised certification fee schedule was implemented. Over the last five years, state salaries and benefit expenses for the organic positions have risen along with increases in overall operating expenses. An increase in the fees charged is needed to fill necessary vacancies and ensure the local fund balance can meet the requirements for a six-month reserve.

In addition, USDA organic regulations are being updated in the most significant new rule making in 20 years. Regulatory changes in response to growing and evolving markets will require increased technical assistance and resources to support the organic industry in Washington state. New regulations will also include added accreditation requirements for WSDA, resulting in added operating costs to meet expectations around oversight and enforcement of the federal organic standards.

RCW 15.86.070 requires the fee schedule adopted in rule to provide for the recovery of the full cost of the program. In other words, these fees must be adequate to ensure resources are in place to continue certification services in line with current operating costs and the updated federal requirements. For these reasons, the WSDA organic program is proposing increases to multiple fees throughout WAC 16-157-251 to ensure the continuation of quality services to all Washington businesses who want to produce, handle, and market organic products, domestically and abroad.

Statutory Authority for Adoption: RCW 15.86.065, 15.86.070.

Statute Being Implemented: Chapter 15.86 RCW.

Rule is not necessitated by federal law, federal or state court decision.

Name of Proponent: WSDA, governmental.

Name of Agency Personnel Responsible for Drafting, Implementation, and Enforcement: Brenda Book, 1111 Washington Street S.E., Olympia, WA, 360-902-2090.

A school district fiscal impact statement is not required under RCW 28A.305.135.

A cost-benefit analysis is not required under RCW 34.05.328. WSDA is not a listed agency under RCW 34.05.328 (5)(a)(i).

Scope of exemption for rule proposal from Regulatory Fairness Act requirements:

Is not exempt.

The proposed rule does impose more-than-minor costs on businesses.

### **Small Business Economic Impact Statement**

**SECTION 1: Describe the proposed rule, including: A brief history of the issue; an explanation of why the proposed rule is needed; and a brief description of the probable compliance requirements and the kinds of professional services that a small business is likely to need in order to comply with the proposed rule.**

The WSDA organic program is the seventh largest certification agency in the United States, serving over 1,100 certified organic operations and over 300 businesses manufacturing or distributing input materials for use in organic production. The program is funded solely by certification and registration fees.

The current fee structure was revised in 2018 with a goal of simplifying the fee schedule by consolidating renewal fees, which were

previously split by scope, and replacing the new application, which required an estimate and reevaluation, with a flat fee. Additionally, the revised fee structure included an annual inspection fee, which is a flat fee not based on the scale of the operation, to promote consistency. The restructure succeeded in simplifying how fees are assessed and consolidating fees into a streamlined system.

However, overall program operating costs have also continued to increase since the revised certification fee schedule was implemented. Over the last five years, state salaries and benefit expenses for the organic positions have risen along with increases in overall operating expenses. An increase in the fees charged is needed to fill necessary vacancies and ensure the local fund balance can meet the requirements for a six-month reserve.

In addition, USDA organic regulations are being updated in the most significant new rule making in 20 years. Regulatory changes in response to growing and evolving markets will require increased technical assistance and resources to support the organic industry in Washington state. New regulations will also include added accreditation requirements for WSDA, resulting in added operating costs to meet expectations around oversight and enforcement of the federal organic standards.

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Additionally, this proposal removes the new product application fee. The new product fee was intended to recover the additional costs of reviewing a new product. In practice, this fee disproportionately affected specific business types that had multiple types or variations of products with very small differences. While it had a significant impact on businesses, the total revenue it generated for the program was minimal. These costs will instead be covered by the increase in renewal fees.

In order to comply with the proposed rule, businesses will pay higher fees for certification services; however, no professional services will be required by these businesses.

**SECTION 2: Identify which businesses are required to comply with the proposed rule using the North American Industry Classification System (NAICS) codes and what the minor cost thresholds are.**

NAICS Code (4, 5 or 6 Digit)	NAICS Business Description	Minor Cost Threshold = 1% of Average Annual Payroll±	Minor Cost Threshold = 0.3% of Average Annual Revenue*
1111	Oilseed and Grain Farming	\$649.81	\$1,166.56
1112	Vegetable and Melon Farming	\$4,439.00	\$10,116.53
1113	Fruit and Tree Nut Farming	\$5,736.58	\$3,026.00
1119	Other Crop Farming	\$5,733.68	\$3,555.04
1121	Cattle Ranching and Farming	\$4,003.44	\$4,242.34
1122	Hog and Pig Farming	Data not available	\$232.59
1123	Poultry and Egg Production	\$5,319.63	\$8,119.99
1124	Sheep and Goat Farming	Data not available	\$470.46

NAICS Code (4, 5 or 6 Digit)	NAICS Business Description	Minor Cost Threshold = 1% of Average Annual Payroll±	Minor Cost Threshold = 0.3% of Average Annual Revenue*
3111	Animal Food Manufacturing	\$8,060.25	\$31,836.93
3112	Grain and Oilseed Milling	\$34,486.39	\$96,991.35
3113	Sugar and Confectionery Product Manufacturing	\$6,603.42	\$11,477.95
3114	Fruit and Vegetable Preserving and Specialty Food Manufacturing	\$58,132.14	\$154,370.38
3115	Dairy Product Manufacturing	\$25,618.88	\$186,581.58
3116	Animal Slaughtering and Processing	\$36,767.05	\$72,714.80
3118	Bakeries and Tortilla Manufacturing	\$5,615.34	\$7,200.91
3119	Other Food Manufacturing	\$14,184.44	\$26,621.42
3121	Beverage Manufacturing	\$5,358.20	\$6,182.35
4244	Grocery and Related Product Merchant Wholesalers	\$9,757.66	\$45,779.52
4245	Farm Product Raw Material Merchant Wholesalers	\$6,365.54	\$12,589.00
4451	Grocery Stores	\$11,227.61	\$26,576.83
4452	Specialty Food Stores	\$2,861.55	\$3,439.51
4931	Warehousing and Storage	\$25,152.17	\$10,534.99
7224	Drinking Places (Alcoholic Beverages)	\$1,386.88	\$1,376.99
7225	Restaurants and Other Eating Places	\$3,026.40	\$2,847.10

\* Data source: 2020 Department of Revenue.

± Data source: 2020 Quarterly Census of Employment and Wages (Bureau of Labor Statistics).

Organic certification is a voluntary certification program that is only required if operations wish to represent their crops and/or products as organic, typically at a premium over conventional prices. Certification services can be provided by any accredited certification agencies, including both private and public institutions.

The types of businesses listed above represent the types of operations that have currently chosen to seek certification with WSDA; most operations in these categories are not seeking organic certification and will not be impacted by the proposal.

**SECTION 3: Analyze the probable cost of compliance. Identify the probable costs to comply with the proposed rule, including: Cost of equipment, supplies, labor, professional services and increased administrative costs; and whether compliance with the proposed rule will cause businesses to lose sales or revenue.**

The proposed revision is not likely to have an appreciable impact on the cost of equipment, supplies, labor, professional services, or administrative costs. It should not cause any changes to sales or revenue.

While the proposed revision aims to increase fees for organic certification, it does not rely on any additional recordkeeping or administrative actions beyond those currently present in the existing rule.

The probable cost of compliance will be dependent primarily on the scope and scale of the operation:

Business Type	Business scale*	Number of businesses	Average reported organic income	Average current fee	Average proposed fee	Average change as percent of reported income
Crop Producer	Exempt	74	\$836.37	\$513.85	\$752.70	28.56%

Business Type	Business scale*	Number of businesses	Average reported organic income	Average current fee	Average proposed fee	Average change as percent of reported income
Crop Producer	Very Small	121	\$24,912.49	\$585.12	\$822.15	0.95%
Crop Producer	Small	180	\$134,447.39	\$1,233.40	\$1,686.50	0.34%
Crop Producer	Large	105	\$364,918.81	\$2,186.73	\$3,003.48	0.22%
Crop Producer	Very Large	228	\$2,492,779.97	\$5,406.42	\$7,227.32	0.07%
Handler or Processor	Exempt	36	\$473.93	\$637.50	\$1,000.00	76.49%
Handler or Processor	Very Small	20	\$21,573.41	\$685.63	\$1,045.50	1.67%
Handler or Processor	Small	53	\$137,725.55	\$1,379.48	\$1,965.28	0.43%
Handler or Processor	Large	29	\$361,309.17	\$2,287.50	\$3,220.00	0.26%
Handler or Processor	Very Large	153	\$6,664,148.85	\$8,567.01	\$11,148.30	0.04%
Livestock Producer	Exempt	1	\$0.00	\$762.50	\$1,250.00	---
Livestock Producer	Very Small	7	\$20,748.61	\$816.07	\$1,315.71	2.41%
Livestock Producer	Small	4	\$109,476.75	\$1,278.13	\$1,902.50	0.57%
Livestock Producer	Large	3	\$380,384.49	\$2,595.83	\$3,723.33	0.30%
Livestock Producer	Very Large	1	\$5,626,606.20	\$9,736.58	\$13,590.55	0.07%
Multiscope	Exempt	5	\$0.00	\$1,062.50	\$1,600.00	---
Multiscope	Very Small	6	\$25,177.83	\$1,139.58	\$1,681.67	2.15%
Multiscope	Small	16	\$138,952.46	\$1,789.06	\$2,536.25	0.54%
Multiscope	Large	3	\$366,146.94	\$2,745.83	\$3,886.67	0.31%
Multiscope	Very Large	10	\$6,589,081.88	\$8,340.04	\$10,626.23	0.03%
Retailer	Exempt	17	\$0.00	\$1,637.50	\$1,750.00	---

\* Scale: Scale is based off the USDA's classification of farms: Very large (greater than \$500,000.00 income annually); large (between \$250,000.00 and \$500,000.00 income annually); and small (less than \$250,000.00 income annually).

To better assess the impact on the affected operations, two additional scales were created: Very small (between \$5,000 and \$50,000 income annually); and exempt (less than \$5,000 income annually). Small was revised to accommodate this change (between \$50,000 and \$250,000 income annually).

Data provided is based off income reported with 2022 organic certification renewals. Operations identified as exempt are reporting less than \$5,000.00 in gross annual organic income and are typically exempt from organic certification pursuant to 7 C.F.R. 205.101(a).

Only income generated from organic sales or activities is reported above. Operations which may be producing both organic and nonorganic crops or products do not report income from nonorganic sales or services.

Retailers do not report gross annual income, additionally all multiscope exempt operations and exempt livestock producers reported no income with their 2022 renewals. Average change as percent of reported income could not be reported for these operations and is identified by three dashes in the table above.

**SECTION 4: Analyze whether the proposed rule may impose more-than-minor costs on businesses in the industry.**

NAICS does not differentiate between organic and nonorganic production and handling activities; as such, the values from the department of revenue and the United States Department of Labor's quarterly census of employment and wages (QCEW), identified in Section 2 above, are not an ideal comparison for evaluating the impact on businesses in the "organic" industry.

The WSDA organic program compiled information from our records, including gross annual income from organic sales and services, and used this information to calculate the cost of fees under the current fee structure as well as the theoretical cost following the proposed increase for each operation currently certified with the WSDA organic program that renewed their certification in 2022. The WSDA organic program used comparisons between these two sets of data to analyze the impact of the proposed rule on currently certified operations.

When comparing organic production and handling as a single commodity, the average reported gross annual income from the 1,073 evaluated operations was \$1,631,065.62. The average current effective fee\* of evaluated operations\*\* is \$3,236.32 and the average effective proposed fee would be \$4,320.21. The resulting increase in fees from the proposal would represent 0.0665 percent of gross annual income from organic sales and services. Since many of the evaluated operations would have income from both organic and nonorganic activities; this value should serve as a conservative analog to an "organic" industry wide minor cost threshold (0.3 percent average annual revenue).

To better analyze the impact of this proposed revision, the evaluation was extended to consider the impact of the proposal based on the scope and scale of operation; see the highlighted rows in the table in Section 3. The proposal is projected to exceed the minor cost threshold for the following types of businesses:

- Businesses reporting less than \$5,000 in gross annual income (exempt).
- While these businesses can expect a significant impact from the proposed fee restructuring, businesses that are reporting less than \$5,000 in gross annual income are typically exempt from organic certification pursuant to 7 C.F.R. 205.101(a).
- Businesses reporting between \$5,000 and \$250,000 in gross annual income (very small and small).
- Businesses of this scale can expect an average increase of about 0.45 percent of their reported organic income to their annual fees. Efforts taken to mitigate the impact of the proposed change on this scale of business are discussed in Section 6.
- Businesses reporting between \$250,000 and \$500,000 in gross annual income which are certified to both produce crops and processing or handling activities (large).
- Businesses of this scale and specific scope can expect an average increase of about 0.31 percent of their reported organic income to their annual fees. Efforts taken to mitigate the impact of the proposed change on this scale and scope of business are discussed in Section 6.

\* Effective fee: WAC 16-157-251 outlines the fee schedule for organic certification. It is comprised primarily of a renewal fee based on gross annual income and an inspection fee based on the scope of certification services provided. It also includes a small collection of additional fees. These additional fees are only incurred for additional services, such as new products or new site evaluations, not as part of the annual certification process. Since there are no changes being proposed to these fees, they would not impact the effective change relative to reported gross annual income and are omitted from the calculations above.

\*\* Evaluated operations: Gross annual income is reported annually for each certified operation with their renewal application. Gross annual income is not reported with new applicants. The 1073 operations being evaluated includes all renewing operations and excludes new applications accepted in 2022.

**SECTION 5: Determine whether the proposed rule may have a disproportionate impact on small businesses as compared to the 10 percent of businesses that are the largest businesses required to comply with the proposed rule.**

RCW 19.85.040(1) requires the department to compare the cost of compliance for small businesses with the cost of compliance for the 10 percent of businesses that are the largest businesses required to comply with the proposed rules using one or more of the following as a basis for comparing costs: (a) Cost per employee; (b) cost per hour of labor; or (c) cost per \$100 of sales.

Organic certification is a relatively unique service in that it is a voluntary certification program. Businesses are not required to be certified organic to operate; additionally, operations that choose to pursue organic certification are not required to be certified by WSDA organic program. They may choose from any USDA accredited certifying agent, which includes both public and private institutions.

While efforts have been taken to adjust fees based on operation size, as a fee increase with fixed rate costs, this proposal will inevitably incur a greater cost per \$100 of sales for small businesses when compared to large businesses. At their simplest, organic fees are composed of two portions: A renewal fee based on gross annual income and an inspection fee based on the scope of the business.

The current renewal fee scales with gross annual income, increasing in total cost but decreasing in percent of gross annual income. Currently, it ranges from 0.55 percent of gross annual income up to \$250,000 to 0.17 percent of gross annual income up to \$5,000,000. The proposal increases all renewal fees by 38.18 percent, but otherwise follows this same fee structure. That means increasing the amount of gross annual income reported does increase your total renewal fee, but also lowers the cost per \$100 of sales.

The inspection fee is a fixed cost based on the scope of the operation. The increase ranges from \$125 for crop producers up to \$725 for multiscope operations. Since the inspection fee is not adjusted based on the size or scale of an operation, increasing the amount of gross annual income reported does not increase your total inspection fee, but does reduce the cost per \$100 of sales.

If we follow the logical assumption that small businesses will be reporting less gross annual income than the 10 percent of the largest businesses seeking organic certification with WSDA, we can infer for those operations that choose to be certified by the WSDA organic program the impact of this rule will be more significant for small businesses when compared to the largest 10 percent of businesses seeking certification.

**SECTION 6: If the proposed rule has a disproportionate impact on small businesses, identify the steps taken to reduce the costs of the rule on small businesses. If the costs cannot be reduced, provide a clear explanation of why.**

RCW 19.85.030(2) requires consideration of the following methods of reducing the impact of the proposed amendment on small businesses:

a. *Reducing, modifying, or eliminating substantive regulatory requirements:* The regulatory requirements of organic certification are set by the USDA National Organic Program and are outside the scope of the WSDA organic program. Reducing, modifying, or eliminating regula-

tory requirements are not an option to reduce the cost of the rule on small businesses.

b. *Simplifying, reducing, or eliminating recordkeeping and reporting requirements:* The recordkeeping and reporting requirements of organic certification are set by the USDA National Organic Program and are outside the scope of the WSDA organic program. Simplifying, reducing, or eliminating recordkeeping and reporting requirements are not an option to reduce the cost of the rule on small businesses.

c. *Reducing the frequency of inspections:* The scope and frequency of inspections are set by the USDA National Organic Program and are outside the scope of the WSDA organic program. Reducing the frequency of inspections is not an option to reduce the cost of the rule on small businesses.

d. *Delaying compliance timetables:* The proposed changes to the rule are intended to increase fees to ensure the WSDA organic program is able to provide continued certification services to Washington state organic businesses. Delaying compliance timetables would be counterintuitive to this goal.

e. *Reducing or modifying fine schedules for noncompliance:* The proposed change is limited to increasing fees associated with annual renewal and inspection costs. It does not modify fine schedules for noncompliance: Late fees and mediation fees. Late fees and mediation fees are infrequent and do not contribute to a significant impact on certified organic businesses.

f. *Any other mitigation techniques, including those suggested by small businesses or small business advocates:* The proposed change is effectively comprised of two parts: An increase to the renewal fee based on gross annual income and an increase to the inspection fee based on the scope of the operation. The renewal fees are weighted against gross annual income in an effort to adjust fees based on the scale of the business. The inspection fee is based on the scope of the operation and not adjusted based on the size of the operation. Fixed fees, such as the inspection fee, are necessary to provide a level of consistency in anticipated fees; however, they tend to disproportionately impact smaller businesses.

USDA offers a cost share program (Organic Certification Cost Share Program) that reimburses certified organic businesses for a portion of their certification fees. The WSDA organic program administers this program for organic businesses in Washington state, certified by WSDA. The potential refund from this program is currently set at 75 percent of certification fees (up to \$750 per scope of certification).

When taking this increase into consideration:

- Businesses reporting between \$5,000 and \$250,000 can expect a decrease of about 0.02 percent of their reported organic income to their annual fees.
- Businesses reporting between \$250,000 and \$500,000 in gross annual income which are certified to both produce crops and processor handle activities can expect an increase of about 0.08 percent of their reported organic income to their annual fees.

**SECTION 7: Describe how small businesses were involved in the development of the proposed rule.**

The WSDA's organic advisory board (OAB) was established in 1987 to advise WSDA concerning the implementation of the organic program. OAB consists of small and large businesses in Washington state. It includes and supports: Organic farmers, processors, handlers, input material suppliers, and other interested parties. They provide feedback



on how the program can improve the services. In 2018, WSDA worked closely with OAB to restructure the fee schedule to enable periodic increases every five years to cover increases in costs. The current proposed rule builds on this past work. Member organizations that represent small organic businesses were also notified about the rule-making activity and need to increase fees in order to recover costs. These organizations include, but are not limited to: Tilth Alliance, Washington Tree Fruit Association, and the Farm Bureau.

**SECTION 8: Identify the estimated number of jobs that will be created or lost as the result of compliance with the proposed rule.**

The proposed change only modifies the fee schedule for organic businesses certified by the WSDA organic program; it is unlikely to have any appreciable effect on the creation or loss of any jobs.

A copy of the statement may be obtained by contacting Gloriann Robinson, Rules Coordinator, P.O. Box 42560, Olympia, WA 98504-2560, phone 360-902-1902, email wsdarulescomments@agr.wa.gov.

October 31, 2023  
Luisa F. Castro  
Assistant Director

**OTS-4923.1**

AMENDATORY SECTION (Amending WSR 19-01-062, filed 12/14/18, effective 1/14/19)

**WAC 16-157-251 Certification fee schedule.** (1) Producers and handlers of organic products must submit an application packet and fees to the department each year to receive or maintain certification.

(a) **New applicant fee:** A new application fee of (~~three hundred seventy five dollars~~) \$500 must be submitted with each new application.

(b) **Renewal fee:** A renewal fee must be submitted annually by March 1st with each renewal application. Renewal fees for producers, handlers, and processors are assessed based on the gross annual income received by the operation for the production or handling of organically certified products. The renewal fee is based on the following fee schedule:

GROSS ANNUAL INCOME RECEIVED FROM ORGANIC PRODUCTS IN PREVIOUS CALENDAR YEAR		RENEWAL FEE DUE ANNUALLY ON MARCH 1st
\$ 0 - \$25,000	.....	<del>(\$137.50)</del> <u>\$250.00</u>
\$25,001 - \$50,000	.....	<del>(\$275.00)</del> <u>\$380.00</u>
\$50,001 - \$75,000	.....	<del>(\$412.50)</del> <u>\$570.00</u>
\$75,001 - \$100,000	.....	<del>(\$550.00)</del> <u>\$760.00</u>
\$100,001 - \$150,000	.....	<del>(\$825.00)</del> <u>\$1,140.00</u>
\$150,001 - \$200,000	.....	<del>(\$1,100.00)</del> <u>\$1,520.00</u>
\$200,001 - \$250,000	.....	<del>(\$1,375.00)</del> <u>\$1,900.00</u>
\$250,001 - \$300,000	.....	<del>(\$1,512.50)</del> <u>\$2,090.00</u>
\$300,001 - \$400,000	.....	<del>(\$1,787.50)</del> <u>\$2,470.00</u>
\$400,001 - \$500,000	.....	<del>(\$2,062.50)</del> <u>\$2,850.00</u>

GROSS ANNUAL INCOME RECEIVED FROM ORGANIC PRODUCTS IN PREVIOUS CALENDAR YEAR	RENEWAL FEE DUE ANNUALLY ON MARCH 1st
\$500,001 - \$750,000	..... <del>(((\$2,406.25))</del> <u>\$3,325.00</u>
\$750,001 - \$1,00,000	..... <del>(((\$2,750.00))</del> <u>\$3,800.00</u>
\$1,000,001 - \$1,500,000	..... <del>(((\$3,437.50))</del> <u>\$4,750.00</u>
\$1,500,001 - \$2,000,000	..... <del>(((\$4,125.00))</del> <u>\$5,700.00</u>
\$2,000,001 - \$3,000,000	..... <del>(((\$5,500.00))</del> <u>\$7,600.00</u>
\$3,000,001 - \$4,000,000	..... <del>(((\$6,875.00))</del> <u>\$9,500.00</u>
\$4,000,001 - \$5,000,000	.... <del>(((\$8,250.00))</del> <u>\$11,400.00</u>
\$5,000,001 - and up	.... <del>(((\$8,250 plus 0.1375%))</del> <u>\$11,400.00 plus 0.19%</u> of income over \$5,000,000

(i) The maximum renewal fee shall not exceed ~~((twenty-five thousand dollars))~~ \$25,000 per primary facility or location.

(ii) The minimum renewal fee is ~~((four hundred twelve dollars and fifty cents))~~ \$570 for operations with more than: ~~((Twenty-five))~~ 25 acres in production (excluding fallow, pasture, hay, haylage, and silage), or more than five production sites, or more than ~~((fifteen))~~ 15 products.

(iii) Operations certified to the retailer scope are exempt from the gross annual income assessment and are charged a ~~((one thousand five hundred dollar))~~ \$1,500 renewal fee per retail location or facility.

(iv) Renewal applications and fees submitted after March 1st must include a late fee in addition to the renewal fee.

**If a renewal application is  
submitted after March 1st but  
before:**

	<b>The late fee is:</b>
April 1st	\$100.00
May 1st	\$200.00
June 1st	\$300.00
July 1st	\$400.00
August 1st	\$500.00
September 1st	\$600.00

(c) **Inspection fee:** An inspection fee must be submitted after each annual and announced additional inspection conducted by the department. The inspection fee is the sum of the fees associated with the scopes of the inspection. Inspection fees are based on the following fee schedule:

INSPECTION SCOPE	INSPECTION FEE
Crop producer	- <del>(((\$375))</del> <u>\$500</u>
Livestock producer	- <del>(((\$250))</del> <u>\$500</u>
Wild crop producer	- <del>(((\$100))</del> <u>\$200</u>
Handler, processor, or retailer	- <del>(((\$500))</del> <u>\$750</u>

(i) Operations with a producer scope plus either the handler or processor scope and less than ~~((two hundred fifty thousand dollars))~~ \$250,000 in gross annual income qualify for a ~~((three hundred dollar))~~ \$300 reduction in their inspection fee.

(ii) Each primary location or facility must receive an annual on-site inspection. In the event more than one primary location or fa-

cility is included under one certification, the operation will be charged an inspection fee per primary location or facility.

(iii) Additional announced inspections, if necessary to determine compliance or requested by the operation, will be charged to the new applicant or certified operation per the inspection fee table. Unannounced inspections conducted by the department are not charged an inspection fee.

(iv) Out-of-state inspections, if necessary to determine compliance or requested by the operation, shall be charged (~~five hundred dollars~~) \$500 plus associated travel costs in addition to the inspection fee.

(2) New and renewal applicants may request additional evaluations throughout the year. A fee is charged to the operation based on the service requested.

(a) **New scope:** The request to add a new scope of certification will be charged to the certified operation at a rate of (~~one hundred dollars~~) \$100 per new organic system plan submitted.

(b) **New site application:** Each new site application submitted by a renewal applicant after March 1st will be charged (~~forty dollars~~) \$40 per application.

(c) **Land assessment:** A fee of (~~one hundred dollars~~) \$100 per inspection will be charged to a renewal applicant when an evaluation of one or more production sites is part of an inspection. The land assessment fee does not apply to the annual examination of a renewal applicant's existing certified sites.

(d) (~~**New product application:** A rate of forty dollars per handled or single ingredient processed product and a rate of sixty dollars per multi-ingredient processed product is charged to evaluate a new handled or processed product for certification. Product fees are not required when products are submitted with a new application packet.~~

(~~e~~) **New facility:** Certified operations are charged a fee of (~~one hundred dollars~~) \$100 per request to evaluate an additional facility.

(~~f~~) **(e) Expedited services:** New and renewing applicants may request expedited services. Expedited services are defined as inspections and reviews conducted outside of the normal timelines and may be provided by the department if sufficient staff is available to expedite the work.

(i) Expedited services that do not require an inspection are charged a rate of (~~five hundred dollars~~) \$500 to receive an evaluation and certification decision within five business days from the acceptance of the request.

(ii) Expedited services requiring an inspection prior to a certification decision are charged a rate of (~~seven hundred fifty dollars~~) \$750 to receive an inspection on an expedited and agreed upon timeline that takes the crop harvest or anticipated production or handling dates into consideration. The review of the inspection report will be completed within five business days from the date of the inspection. The expedite fee is in addition to the inspection fee outlined under the certification fee schedule.

(~~g~~) **(f) Mediation fee:** A (~~five hundred dollar~~) \$500 fee plus the cost of a formal mediator, if applicable, will be charged to a new or renewal applicant when mediation is accepted by the department.