

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2749 HB	<b>Title:</b> Fees assessed by dept. of ag	<b>Agency:</b> 495-Department of Agriculture
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2014	FY 2015	2013-15	2015-17	2017-19
General Fund-State 001-1		(1,825)	(1,825)	(3,650)	(3,650)
Agricultural Local Account-State 126-1		244,980	244,980	489,960	489,960
<b>Total \$</b>		243,155	243,155	486,310	486,310

### Estimated Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

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Request # 14-13-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

House Bill 2749 amends and adds new sections to statutes administered by the Department of Agriculture and increases a number of existing fees. The statutes affected are Title 15 and 69.

Several license and assessment fees are impacted. See Part II. B for a section by section description.

The bill also authorizes the legislature to adjust the fees in the omnibus operating appropriations act.

House Bill 2749 has an implementation date of July 1, 2014 for all affected fees.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

We assume all fees will be implemented for collection on appropriate dates beginning July 1, 2014. All activity is anticipated to remain at the current level unless otherwise noted. No estimates are made for the collection of late fees.

#### Sec. 1

-States the department formed a work group consisting of a facilitator and stakeholders to determine if fee increases would be necessary to reduce the department's reliance on the state's general fund. The following is the result of the workgroup's findings.

#### Sec. 2.

-Milk or milk product processing license increases from \$55 to \$250 dollars annually. Estimated annual cash receipt increase is \$21,450 (110 licenses X \$195 increase = \$21,450)

#### Sec. 3

- Dairy Technician (initial) license increases from \$10 to \$25 every two years. Estimated annual cash receipt increase \$1,050 (140 licenses X \$15.00 ÷ 2)

- Dairy Technician (renewal) increases from \$5 to \$25 every two years. Estimated annual cash receipt increase \$4,500 (450 renewals X \$20 ÷ 2)

- New Dairy Technician endorsement for Lab Certification is set at \$25 every 2 years. Estimated annual cash receipt increase \$10,625 (850 endorsements X \$25 ÷ 2)

Sec 4 provides for all Dairy Technician licenses to be deposited into the Agricultural Local fund rather than the General Fund. This would decrease General Fund revenue by \$1,825 per year.

Sec. 5 increases the cost of sanitary certificates issued to milk processing plants from \$50 to \$75. Estimated annual cash receipt increase \$100,000 (4,000 certificates X \$25 increase)

Sec 6 requires new rule making for a minimum assessment amount to be paid by milk processing plants

regardless of size. Cash receipts assumption is indeterminate for this section.

New Sec 7 requires new rule making to assess an inspection fee to other manufacturing facilities that are required to be inspected under the Pasteurized Milk Ordinance (PMO) and do not satisfy the definition of milk processing plant, food processing plant or food storage warehouse. (Anticipated cash receipts \$8,000 annually)

Sec 8 increases each level of Food Processor licenses based on gross sales. Estimated annual cash receipt increase \$99,355.

Cash Receipt Summary:

\$1,825 decrease in General Fund

\$244,980 increase in Ag Local Fund

See attached table for annual revenue increase summary.

**II. C - Expenditures**

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

The Food Safety Program will continue their current work with no change in expenditure levels.

**Part III: Expenditure Detail**

**III. A - Expenditures by Object Or Purpose**

NONE

**Part IV: Capital Budget Impact**

NONE

**Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Sec 6 requires new rule making for a minimum assessment amount to be paid by milk processing plants regardless of size.

Sec 7 requires new rule making to assess inspection fees for non-dairy establishments.

WSDA Fee increase chart as a result of HB 2748

Bill and RCW reference	License Category	Current fee	Proposed fee (annual)	Fee increase	Number of Applicants Per Year	Total Est. Annual Revenue Increase
Sec. 3 RCW 15.36.081	Dairy Technician					
	- new	\$10	\$25/2 yr.	\$15/2yr.	140	\$1,050
	- renewal	\$5/2 yr.	\$25/2 yr.	\$20/2yr.	450	4,500
Sec 3. RCW 15.36.081	Dairy Tech. Endorsement (ea.)	-	\$25/2 yr.	\$25/2yr.	850	10,625
Sec 2. RCW 15.36.051	Milk Plant Inspection Fee	\$55	\$250	\$195	110	21,450
Sec. 7 RCW 15.36	Non-dairy Assessment (single service container plants)		\$500	\$500	16	8,000
				<b>Total:</b>		<b>\$45,625</b>

Bill and RCW reference	Food Processor Graduated Fee Categories (gross sales)	Current Fee	Proposed Fee	Fee increase	Number of Licenses	Percent of Total Food Processor Licenses	Total Est. Annual Revenue Increase
Sec. 8 RCW 69.07.040	\$0-\$50,000	\$55	\$92	\$37	1575	59%	58,275
	\$50K - \$500K	\$110	\$147	\$37	569	21%	21,053
	\$500K - \$1M	\$220	\$262	\$42	120	5%	5,040
	\$1M - \$5M	\$385	\$427	\$42	142	5%	5,964
	\$5M - \$10M	\$550	\$585	\$35	58	2%	2,030
	>\$10M	\$825	\$862	\$37	189	7%	6,993
						<b>Total:</b>	<b>\$99,355</b>

Bill and RCW reference	License Category	Current fee	Proposed fee	Fee increase	Number of Applicants	Total Est. Annual Revenue Increase
Sec. 5 RCW 15.36.525	Sanitary Certificates	\$50	\$75	\$25	4,000	\$100,000
					<b>Total:</b>	<b>\$100,000</b>