

Multiple Agency Fiscal Note Summary

Bill Number: 6077 SB	Title: Hemp in food
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Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Agriculture	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Agriculture	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

This fiscal note assignment has been canceled, but the Ten-Year Analysis (I-960) assignment associated with SB 6077 is still required. The publishing of this package is to document the Ten-Year Analysis. The information in the associated fiscal note form is informative but is not a complete or approved fiscal note analysis.

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Individual State Agency Fiscal Note

Bill Number: 6077 SB	Title: Hemp in food	Agency: 495-Department of Agriculture
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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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Agency Approval: Lori Peterson	Phone: 360-974-9767	Date: 01/25/2024
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 01/25/2024

Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Under current law, WSDA provides a voluntary food safety certification for hemp products processed as food ingredients for use in another state. Section 4 of the proposed legislation would create a pilot program to regulate the processing of hemp consumables in the same manner as other food processing.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.



Ten-Year Analysis

Bill Number 6077 SB	Title Hemp in food	Agency 495 Department of Agriculture
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
Total												

Biennial Totals

Narrative Explanation (Required for Indeterminate Cash Receipts)

Section 4 would create a pilot program to regulate the processing of hemp consumables in the same manner as other food processing. Under current law, WSDA provides voluntary food safety certification for hemp products processed as food ingredients in another state that allows this use, and the fees for hemp extract certifications under Washington Administrative Code (WAC) 16-171-120, are as follows:

New Application fee: \$1,400
 New Certification inspection fee: \$3,000
 Annual Certification Renewal Application Fee: \$1,500

Revenue collected by WSDA under the provisions of Chapter 69.07 RCW is deposited in the food processing inspection account within the Agricultural Local Fund.

WSDA assumes the same fee structure for hemp extract certifications would apply for the annual hemp consumable processing endorsement pilot program created in section 4. The endorsements would be required for hemp extract used as a food ingredient in Washington State for persons aged 21 or older. Because hemp extract certifications are voluntary under current law, and only apply to hemp extract used as a food ingredient outside of Washington State, WSDA does not have data to estimate the number of hemp consumable processing endorsement applications would be received would under the proposed legislation. Almost 50 entities are currently registered as hemp producers in Washington. However, this number does not indicate how many current producers would seek hemp extract certifications if they were required for hemp used as a food product in Washington State, and the pilot program would limit products to a certain age group. Nor could the department predict level of new interest in the pilot program. For this reason, WSDA has no basis to estimate cash receipts for hemp consumable processing application fees.



Ten-Year Analysis

Bill Number 6077 SB	Title Hemp in food	Agency 495 Department of Agriculture
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Narrative Explanation (Required for Indeterminate Cash Receipts)

An example scenario is provided below for reference purposes, but the numbers are not included in the table.

WSDA assumes the new program would be effective July 1, 2025, per section 4 (1). Based on the current number of Washington hemp processors, this example assumes 50 endorsement applications in fiscal year (FY) 2026, being renewed each year thereafter. For this hypothetical example, inspections would be performed by WSDA for half of the applications, and the other half would use a third party vendor.

The total fee revenue for each new endorsement would be the sum of the new application fee (\$1,400) and the new certification inspection fee, if applicable (\$3,000) for a total of \$4,400 for each new certification for which WSDA provides the inspection. The fee would be \$1,400 for an endorsement where the applicant secures the inspection from a qualified third party. For 25 endorsements with inspections in FY 2026, the estimated revenue would be \$110,000. For 25 endorsements not requiring WSDA inspections, the estimated revenue would be \$35,000. Total estimated revenue in FY 2026 based on the assumptions above would be \$145,000.

The estimated revenue for renewals, beginning in FY 2026 and ongoing thereafter, based on the annual certification renewal fee amount of \$1,500, and an assumption of 50 renewals, would be \$75,000.

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