



Ranking Republican Member, Water, Energy and Telecommunications Committee

March 24, 2008

Dear Friends,

Welcome to a special post-session edition of the "SRC Ag Alert!" With the legislative session coming to an end on March 13, now is a good time to review the bills passed in Olympia this year that affect the agriculture community. As you know, when the state Legislature meets in Olympia, Washington's agriculture industry is usually impacted in one way or another.

Keeping Washington Bzzzzz'ing...

Washington's beekeepers need relief from state taxes. They are battling a mysterious "colony collapse disorder," which is killing off hives around the world. Senate Republicans responded with **Senate Bill 6468** to exempt pollination services, sales of bees and use of bees from the applicable state taxes – which, at a dollar per hive, really add up for beekeepers from east of the Cascades that bring their hives to Western Washington to pollinate berry plants and cranberry bogs. The bill also lets beekeepers use nonhighway (untaxed) diesel when using public roads to move hives to and from summer forage grounds in high-country logging areas. The Legislature passed SB 6468, but only after the Democrat majority removed the diesel tax relief and put on a July 2013 expiration date.

Majority party kills biofuels grant program

Senate Bill 6170 would have established an incentive program for Washington farmers to grow and sell feedstocks in Washington State. An agricultural cooperative or biofuel producer would then be eligible to receive a tax credit for each dollar of incentives paid to farmers, with a maximum tax credit of \$200,000 or the amount of B&O tax due, whichever is less. This type of incentive is crucial for Washington to stay competitive with neighboring states. Many farmers across Washington are having great success in growing traditional crops, and the transition to growing less-traditional feedstock for renewable fuel production is often seen as a risky endeavor. The biofuel economic development grant program that would have been created by this bill would have helped mitigate that risk. SB 6170 died in the Senate Ways and Means Committee.

Local Farms-Healthy Kids and Communities Act approved

Second Substitute Senate Bill 6483 creates the Local Farms-Healthy Kids and Communities Act in the state Department of Agriculture. This measure authorizes school boards to develop and implement procedures to increase the purchasing of Washington-grown food. This bipartisan measure was approved by the Legislature and is funded in the supplemental budget.

Senate sends bill to governor to better protect people and livestock from the state's growing population of problem cougars

On March 4, the Senate took up **Engrossed Substitute House Bill 2438**, a measure that extends for three more years the pilot project that allows the aid of hounds in hunting problem cougars. Three misguided amendments were offered by members of the majority party, but fortunately, none of them was adopted. One of the amendments would have delayed the hunt for so long that the cat's scent would have been long gone. The population of problem cougars has increased significantly since the 1996 passage of Initiative 655, which prohibited the use of hounds to hunt cougars. Soon after, the population of problem cougars was noticeably increasing. As a result, the Legislature created a narrow pilot project to allow hounds to hunt only

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problem cougars – cougars involved in human interactions and livestock kills. ESHB 2438 passed the Senate (31-18) without any changes, and was signed into law by the governor on March 13.

“Climate Change Bill” neglects agriculture

On March 5, the Senate passed a bill (**Engrossed Second Substitute House Bill 2815**) with a truckload of mandates targeted at the citizens of one of the “greenest” states in the nation, which contributes just a miniscule portion of the greenhouse gases emitted around the world. The bill essentially tells people how they will live their lives – from where they will live, to the use of their cars, to what kind of jobs the state most favors. The measure requires the state Department of Transportation to achieve a 50 percent reduction in per capita vehicle miles traveled by 2050. These benchmarks likely will obviously have an exaggerated impact on rural residents of the state.

One of the main concerns with this bill is how it will impact agriculture. The state Farm Bureau, for example, wants to ensure that agriculture is fully recognized for the positive impact it has on the environment. Ag should have “credits” under any regulatory or market-based program dealing with carbon. This bill includes a section that directs a study to make recommendations regarding how agriculture and forestry may participate in a voluntary carbon cap and trade program.

Missed opportunity

One of the bigger disappointments of the session was the lack of funding in the 2008 supplemental capital budget for the new veterinary school at Washington State University. WSU had requested \$7.4 million for the new vet school building. The House version of the capital budget provided \$2 million for the building, but the Senate version didn't provide any money for it. After capital budget writers from the two chambers agreed on a compromise budget, the \$2 million was not in the budget.

Other ag-related legislation

- One interesting bill is **SB 6256**, which would have created the Washington Heritage Livestock and Poultry Breed Recognition Program within the Department of Archeology and Historic Preservation. The bill received testimony from researchers and constituents regarding its value, but died in the Senate Rules Committee.
- A Senate Republican measure, **SB 6284**, makes changes to the Washington Dairy Products Commission by eliminating the producer-dealer position on the commission, thereby reducing the number of commissioners from 10 to nine. The bill also streamlines the process for nominating, selecting and rejecting candidates to serve on the commission. This bill was approved by the Legislature.
- Under **SB 6283**, if only one candidate is nominated to fill a position on the Apple Commission, the commission will no longer be required to submit a second name. Instead, the director of the Department of Agriculture will be given explicit authority to appoint or reject the sole nominee. If a member has excessive absences, the commission may request the director to remove the member and have the position refilled.
- **SB 6723** authorizes fees to fund inspections for the protection of animal health.
- Under **SSB 6806**, anaerobic digesters are exempt from property and leasehold taxes for six years from the date of construction. To claim the exemption, forms must be filed by Dec. 31, 2012.
- **HB 2467** clarifies requirements for labeling of packaged, bulk and customer-formula fertilizers. Due dates for fertilizer distribution reports are also specified, and provisions regarding late fees are clarified. Technical changes revise or remove outdated language.

- HB 2923 provides an alternative method for weight tickets for transporting hay or straw. A dealer or commission merchant and a grower or consignor may agree in writing to use a scale located at a hay or straw processing facility to satisfy the requirements of the Commission Merchants Act if the scale is approved by the Department of Agriculture. This is an alternative to the current requirement of having the hay or straw weighed by a licensed public weighmaster.

In the “Good News Department”

- Washington's agriculture exports topped \$9.3 billion in 2007 – an increase of 38 percent. This also represents a 70 percent increase in the state's agricultural exports between 2003 and 2007.
- The total value of 2007 exports of apples, cherries and other fruit reached \$783 million.
- The U.S. Department of Agriculture is awarding \$5 million to 11 universities to develop new technologies and practices to reduce emissions for agriculture. Washington State University was awarded \$544,853 to develop innovative processes for recovering ammonia from agricultural atmospheric emissions; this process can then be adopted by concentrated animal feeding operations.
- Washington's unemployment rate dropped to a near-record low in January and February (4.5 percent). Some 5,800 new jobs were added.

Do you have an unpermitted dam on your property?

In recent years, many frost ponds have been constructed without adherence to state laws and rules governing the safe design, construction and operation of reservoirs. Often, these unpermitted dams are improperly constructed and pose a risk to people and property.

Because of the high failure rate of unpermitted frost pond dams, the Department of Ecology is conducting an inventory of unpermitted reservoirs across the state. Before a detailed inventory of these dams is conducted, Ecology's Dam Safety Office is asking orchard owners and other property owners to voluntarily bring their dams into compliance with dam safety regulations. For most situations, this means contacting Ecology to perform an initial inspection, then hiring an engineer to assess the dam in detail and recommending modifications necessary to bring the facility up to current safety standards.

Once a reservoir owner completes any required modifications, and all other needed state permits are obtained, the dam will be in compliance. Owners failing to correct deficiencies could face fines up to \$5,000 per day. Ecology can also order dangerous dams to be drained and removed.

FOR MORE INFORMATION

A reservoir permit may also be required for your dam. Information on reservoir permits can be found on the Web at: <http://www.ecy.wa.gov/programs/wr/dams/dss.html#reservoirpermit>.

Contact information:

Doug Johnson
Department of Ecology Dam Safety Office
P.O. Box 47600
Olympia, WA 98504-7600
Phone: 360-407-6623
E-mail: djsd461@ecy.wa.gov

107 Irv Newhouse Building • PO Box 40415 • Olympia WA 98504-0415
E-mail: Honeyford.Jim@leg.wa.gov • Phone: (360) 786-7684