



RULE-MAKING ORDER PERMANENT RULE ONLY

CR-103P (December 2017) (Implements RCW 34.05.360)

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STATE OF WASHINGTON
FILED

DATE: December 13, 2019

TIME: 4:35 PM

WSR 20-01-109

Agency: Dept. of Agriculture

Effective date of rule:

Permanent Rules

- 31 days after filing.
- Other (specify) _____ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

- Yes No If Yes, explain:

Purpose: This rule making order amends chapter 16-501 WAC, WSDA Procedural Rules – Commodity Boards or Commissions by:

- Clarifying definitions;
- Clarifying that commodity commissions fund one-half of a full time equivalent employee;
- Clarifying what a commission’s contribution is based on and the examples that explain how the total financial contribution is determined; and
- Amending the timeline that the department will determine the amount necessary to fund the commodity commissions coordinator position, bill the boards/commissions for their share of the total financial contribution and provide additional time for a commission to remit the billed amount to the department.

Citation of rules affected by this order:

New:
 Repealed:
 Amended: 16-501-005, 16-501-010, 16-501-015
 Suspended:

Statutory authority for adoption: RCW 43.23.033)

Other authority: Chapter 34.05 RCW

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR 19-22-059 on November 04, 2019 (date).
 Describe any changes other than editing from proposed to adopted version: None

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name:
 Address:
 Phone:
 Fax:
 TTY:
 Email:
 Web site:
 Other:

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.**

The number of sections adopted in order to comply with:

Federal statute:	New	___	Amended	___	Repealed	___
Federal rules or standards:	New	___	Amended	___	Repealed	___
Recently enacted state statutes:	New	___	Amended	___	Repealed	___

The number of sections adopted at the request of a nongovernmental entity:

New	___	Amended	___	Repealed	___
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The number of sections adopted on the agency's own initiative:

New	___	Amended	<u>3</u>	Repealed	___
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The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	___	Amended	<u>3</u>	Repealed	___
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The number of sections adopted using:

Negotiated rule making:	New	___	Amended	___	Repealed	___
Pilot rule making:	New	___	Amended	___	Repealed	___
Other alternative rule making:	New	___	Amended	___	Repealed	___

Date Adopted: December 13, 2019

Name: Derek I. Sandison

Title: Director

Signature:



AMENDATORY SECTION (Amending WSR 17-17-158, filed 8/23/17, effective 9/23/17)

WAC 16-501-005 Definitions. Unless the context clearly requires otherwise, the definitions in this section apply throughout the chapter:

"~~((Assessment level))~~ **Annual assessment**" means the total annual assessment amount collected in a twelve-month period by an agricultural commodity board or commission under the provisions of its marketing order or authorizing statute. For the Washington beer commission, "annual assessment ~~((level))~~" includes net proceeds collected from commission-sponsored beer festivals in addition to the total annual assessment collected by the commission.

"**Department**" means the Washington state department of agriculture ~~((WSDA))~~.

"**Total financial contribution**" means the contributions from all agricultural commodity boards and commissions to cover ~~((one-half))~~ the annual salary and benefits of the department's commodity commission coordinator for commodity boards and commissions plus the annual costs for goods and services, travel, training and equipment necessary to support the commodity commission coordinator. The total financial contribution is one-half full-time equivalent employee.

AMENDATORY SECTION (Amending WSR 02-16-045, filed 8/1/02, effective 9/1/02)

WAC 16-501-010 Commodity commission financial contribution. (1) Under the provisions of RCW ~~((43.23))~~ 43.23.033, the director may establish, by rule, a method to fund staff support for all commodity boards and commissions.

(2) ~~((Before July 1 of each fiscal year))~~ On or around September 1st, the department will determine the ~~((total financial contribution required from all commodity boards or commissions and calculate, according to the provisions of WAC 16-501-015, each board or commission's share of that total contribution))~~ amount necessary to fund the commodity commission coordinator position.

(3) On or before October 1st, all commodity boards or commissions are required to report to the department the dollar value of the assessments collected during the board's or commission's previous fiscal year. The board or commission's contribution shall be based on the previous fiscal year's annual assessment ~~((level))~~. For commissions with the authority to suspend assessments, the contribution shall be based on the most recently collected annual assessment prior to suspension.

~~((3))~~ On or around July 1st of each fiscal year) (4) During the month of October, the department will bill each commodity board or commission for its portion of the total financial contribution. The board or commission shall remit to the department the amount billed within ~~((thirty))~~ ninety days of the billing date.

~~((4))~~ (5) The department will provide each commodity board or commission with an annual report regarding the department's activities on behalf of the boards or commissions.

WAC 16-501-015 Calculation of a commodity board or commission's contribution. The ~~((total))~~ financial contribution for each commodity board or commission shall be calculated using the following steps:

(1) (a) Step 1 - Using the dollar value that a board or (commission's) commission receives from its annual assessment (level), the base (assessment) contribution portion of a commodity board or commission's share of the total financial contribution is established as follows:

Contribution Categories

Assessment Level	Base ((Assessment)) Contribution
((>)) ≤ \$100,000	\$250.00
100,001 - 250,000	500.00
250,001 - 500,000	750.00
500,001 - 1,000,000	1,000.00
1,000,001 - 5,000,000	2,000.00
5,000,001 - 10,000,000	3,000.00
10,000,001 and above	4,000.00

(b) A percentage is calculated for each board or commission by dividing the board or commission's base (assessment) contribution by the total base (assessment) contribution for all boards and commissions.

~~((For example, assuming commission A's base assessment is \$4,000 divided by an assumed total base assessment of \$80,000 results in 5% (.05))~~

(2) (a) Step 2 - The difference between the total financial contribution and the total base (assessment) contribution is apportioned to each board or commission using the percentage calculated in ((subsection (1))) step 1.

(b) The amount calculated in step 2 is subject to a \$7,500 cap on any one board or commission((~~r~~

~~For example, assuming a total financial contribution of \$105,000 minus the assumed total base assessment of \$80,000 results in a difference of \$25,000. \$25,000 multiplied by commission A's .05 equals \$1,250. This is commission A's portion of the difference).~~

(3) Step 3 - If any board or commission reaches the \$7,500 cap in step 2, the difference between the amount calculated for that board or commission in subsection (2)(a) of this section and \$7,500 would be ((recalculated)) apportioned among the remaining boards or commissions ((or boards)) using a percentage of each board's or commission's base (assessment) contribution to the total base (assessment) contribution less the base (assessment) contribution of the board or commission that reached the cap.

~~((For example, assume that commission A's percentage remains 5% but that the difference between the total financial contribution and the total base assessment is \$180,000.~~

~~\$180,000 multiplied by .05 equals \$9,000. \$9,000 exceeds the \$7,500 cap for commission A by \$1,500. This \$1,500 would be apportioned between the other boards and commissions excluding commission A.~~

~~For example, assume that commission B's base assessment is \$3,000. The total base assessment excluding commission A is now \$76,000 (\$80,000 less commission A's \$4,000). Commission B's base assessment of \$3,000 divided by \$76,000 results in .04 rounded (4%). \$1,500 (the excess over the cap for commission A) multiplied by .04 equals \$60, which is commission B's share of the excess.)~~

~~(4) Step 4 - A commodity ((commission or board's)) board or commission's contribution is the sum of ((the)) its base ((assessment)) contribution from ((subsection (1))) step 1 and the calculations in ((subsections (2) or (3)) whichever is applicable.~~

~~For example, using the calculations in subsection (2), commission A's contribution is \$5,250 (\$4,000 base assessment plus \$1,250 apportioned share).~~

~~Using the calculations in subsection (3), commission A's contribution is \$11,500 (\$4,000 base assessment plus the \$7,500 cap.) steps 2 and 3.~~

~~(5) The following example is a hypothetical scenario used to illustrate how the formula is applied:~~

~~(a) Commission A reports an annual assessment of \$200,000, therefore its base contribution is \$500.~~

~~(b) Assuming the total base contribution for all boards and commissions is \$23,750, a percentage is calculated for commission A by dividing its base contribution of \$500 by the total base contribution of \$23,750, which is 2.11 percent.~~

~~(c) Assuming a total financial contribution of \$100,000, the difference between the total financial contribution (\$100,000) and the total base contribution (\$23,750) is \$76,250. This amount (\$76,250) is apportioned to each commission using the percentage calculated in step 1. For commission A, \$76,250 multiplied by 2.11 percent is rounded to \$1,605, which is commission A's initial portion of the total financial contribution.~~

~~(d) Next, commission A's base assessment (\$500) is added to its portion calculated in step 2 (\$1,605), which equals \$2,105.~~

~~(e) If any board or commission hits the \$7,500 cap provided for in step 2, the difference between the amount calculated and \$7,500 is apportioned among the other boards and commissions not reaching the cap.~~

~~(f) For example, commission B has a base contribution of \$3,000 and exceeds the \$7,500 cap by \$2,132. That \$2,132 would be apportioned on a percentage basis among the other boards and commissions, excluding commission B.~~

~~(g) To find the number in (f) of this subsection for commission A, take the number calculated for commission A in step 2 (\$1,605) and divide it by the total step 2 calculations for all boards and commissions, excluding commission B. Assuming the total for all boards and commissions, excluding commission B, is \$66,621, the number for commission A is 2.41. Multiply that by the total amount in step 2, including commission B, which equals \$51 for commission A.~~

(h) The total amount owed by commission A is the base assessment in step 1 (\$500), plus the amount in step 2 (\$1,605), plus the amount in step 3 (\$51) for a total contribution of \$2,156.

(i) The total amount owed by commission B is the base assessment in step 1 (\$3,000), plus the amount in step 2 (\$7,500) for a total of \$10,500.