



STATE OF WASHINGTON
DEPARTMENT OF AGRICULTURE
P.O. Box 42560 • Olympia, Washington 98504-2560 • (360) 902-1800

DATE: May 11, 2016

TO: Derek Sandison, Director

FROM: Elizabeth McNagny, Hearing Officer
Henri Gonzales, Hearing Officer

RE: Public Hearing on Proposed Changes to Chapter 16-240 WAC, WSDA
Grain Inspection Program – Definitions, Standards, and Fees

May 10, 2016
Spokane County Extension Education Center
Spokane, WA

May 11, 2016
Natural Resources Building
Olympia, WA

Background

The agency's Grain Inspection Program facilitates trade in domestic and international markets by providing unbiased, third-party sampling, weighing, quality testing, grade inspection, and phytosanitary services under an official delegation by the United States Department of Agriculture's, Grain Inspection, Packers, and Stockyards Administration (USDA, GIPSA).

The program is supported entirely by user fees. RCW 22.09.790 requires the agency to charge fees that are sufficient to cover the cost of providing the service. In 2012, the agency amended the fee schedule in chapter 16-240 WAC by increasing the grain inspection fees and removing the tonnage fee factor (cost of service per ton of grain inspection) discount. These changes were made in order to fully recover the cost of providing inspection services and to maintain a minimum of a six-month operating fund balance. The amendments also included adding a mechanism to provide customers a

future discount against services billed under certain circumstances when the grain fund balance reached above five percent of the minimum operating fund balance (MOFB).

Since increasing the fees and removing the tonnage fee factor discount, the fund balance has increased significantly. Recent high workload volumes have contributed to the program's operating fund exceeding the minimum operating balance. The program initiated rule making to address the fee structure in consideration of workload variables that contribute to highs and lows in the fund balance and to also make modifications to update the language to make it more usable.

The amendments include:

1. Decreasing the metric ton vessel rate and the approved automated weighing system rate;
2. Decreasing the fee for other stowage examinations of railcars, trucks, trailers, or containers from \$12 to \$9;
3. Changing the corn stress crack analysis from an hourly rate of \$56 to a unit fee of \$9 per sample;
4. Allowing the department to provide factor only inspection services and official ship samples included in the metric tonnage rate when listed on an applicant's load order;
5. Requiring the agency to determine the minimum operating fund balance (MOFB) by July 1st of each year;
6. Establishing a standard metric ton vessel rate and approved automated weighing system rate that is in effect when the MOFB is no more than 10 percent above the MOFB amount;
7. Establishing an alternate metric ton vessel rate and approved automated weighing system rate that is in effect when the MOFB is more than 10 percent above the MOFB amount;
8. Repealing a refund provision and putting in place the standard and alternate rate system outlined above;
9. Allowing the department to review the MOFB balance any month during the fiscal year to determine the appropriate rate (standard or alternate) to charge;
10. Specifying how and when the program will provide notice to customers when the fee rates change;
11. Changing the weekly calculation to a daily calculation when the standard rate is in effect to determine when the department will assess an additional charge to meet the revenue minimum amount the department requires to offset expenses;
12. Allowing export locations to request a monthly calculation to determine when the department will assess an additional charge to meet the revenue minimum amount the department requires to offset expenses;
13. Allowing the department to charge fees for dedicated staff time for consultation and related assistance for an applicant who is establishing a new facility or renovating an existing facility; and
14. Clarifying and making the language more readable.

The CR-102 announcing the proposed amendments was filed on April 5, 2016, and published in the Washington State Register on April 20, 2016. The CR-102 and language were placed on the agency web site and were mailed to stakeholders.

The public comment period ran from April 5, 2016 until the close of business on May 11, 2016.

Hearing Process

A hearing was held in Spokane on May 10 and in Olympia on May 11, 2016. There were no members of the public present at the Spokane hearing and two members of the public present at the Olympia hearing – both of whom declined to testify.

Summary of Written Comments

No written comments were received.

Attachments: Hearing sign-in sheets
CR-102 with proposed rule language

cc: Jason Ferrante
Phil Garcia
Jeff Larsen