



Capitol View

Legislative Session Summary for the Tree Fruit Industry

April 8, 2009

The Senate and House unveiled budget proposals for the upcoming two-year budget period. The operating budget proposals were cuts-only budgets. They bridged the state's \$9 billion budget gap only by cutting programs, not by raising taxes. The result was huge budget reductions for Washington State University and other colleges and universities. Higher education is one of the only parts of the budget not "protected" to some degree by state or federal rules. Therefore, it's always in the scopes of budget sharp-shooters.

Proposed Budget Cuts 2009-11 Biennial Operating Budget Proposals

State Senate

\$877 million
\$513 million
\$785 million
\$216 million
\$168 million
\$90 million
State pays 3% more for benefits

Budget Area

K-12 Education
Colleges & Universities
Health Care
Social Services
Corrections
Natural Resources
State employee insurance

State House of Representatives

\$625 million
\$683 million
\$814 million
\$239 million
\$180 million
\$135 million
State pays 5% more for benefits

The House budget proposal slashes WSU's budget by 29 percent; the Senate cuts it by 20 percent. The university had prepared for cuts of 13 - 18 percent. WSU President Elson Floyd said the deep budget cuts could result in the layoff of 400 to 500 employees and the elimination of as many as 1500 enrollment slots for students. The university's own budget is scheduled to be made public on May 1, after the legislative session concludes.

A reliance upon user fees protected the Washington State Agriculture Department from deep budget reductions.

Nearly 60 percent of the agency's budget is generated by user fees. Just 22 percent of funding comes from the state general fund. The Senate budget, which cuts about \$200,000 more than the governor's proposal, eliminates \$28,000 for coordinating the Interagency Integrated Pest Management Coordinating Committee and reduces funding for grants to county weed boards by \$400,000. In order to hit proposed budget targets, WSDA is considering cutting a staff position for the new farm-to-school program and eliminating the "From the Heart of Washington" campaign. The agency also may cut some market-promotion grants.

A "millionaire's income tax" bill was introduced on Thursday by Sen. Jeanne Kohl-Welles. [SB 6147](#) would amend the state constitutions to allow a 1-percent income tax on people making more than \$500,000 a year, single heads of a

household making more than \$750,000, and married couples making more than \$1 million. The governor has rejected the idea of an income tax. The Chair of the Senate Ways & Means committee, Sen. Margarita Prentice, said she would hear the bill but didn't think it would fare well in the Legislature or among the general public. In order to amend the constitution, the bill would have to earn approval of two-third of each house or go before voters, who have turned down income tax proposals many times. The most recent one was rejected in 1973 with a "no" vote of 77 percent.

Half of farm propane costs would be exempt from sales tax, under a bill sponsored by Rep. Laura Grant-Herriot (D-Walla Walla). The bill, [HB 2323](#), applies to the selling price of propane bought for use on farms, not for home heating. The exemption would come in the form of a rebate, for which farmers would apply directly to the Department of Revenue within three months of the purchase of the propane. If the new exemption isn't cost-prohibitive, then the entire cost of farm propane would be tax-exempt on Jan. 1, 2012.

Moxee agricultural consultant, David Taylor, has replaced Dan Newhouse as one of two state representatives from the Yakima Valley. Taylor's business is the Taylor Consulting Group, which specializes in issues related to land use, agriculture, water resources, as well as policy development and government relations. A native of Ellensburg, Taylor went to CWU and earned a bachelor's degree in geography with a specialization in land studies in 1995. He was the director of planning and community development for Kittitas County, and, in 2002, started Taylor Angus Ranch, a small registered Black Angus cattle ranch. In 2004 he opened his consulting firm. Taylor's first day of work for the 15th legislative district was Tuesday, March 31. Commissioners from the district's four counties appointed him to the position Monday.

Legislative deadlines are coming thick and fast now. Last Monday (3/30) was the deadline for all bills to clear policy committees. By April 6, all House bills have to be in the Rules Committee of either the House or Senate or in a conference committee in order to remain viable. As always, any bill "necessary to implement the budget" is exempt from cut-off. Now legislative action occurs primarily on the floor of the House and the Senate and in formal and informal conference committees. The last day of regular session is April 26.

WSHA BILL WATCH

WASHINGTON STATE HORTICULTURAL ASSOCIATION BILL WATCH

April 7, 2009.

The 2009 session of the state Legislature began on January 12, 2009 and lasts for 105 days. A record number of proposals were introduced and considered for a 60 day session. Click on the bill numbers below to see

more information about each bill.

<u>Number</u>	<u>Subject</u>	<u>Status</u>
CLIMATE CHANGE		
<u>SB 5735</u>	Reducing greenhouse gas emissions.	House Ways and Means
LABOR		
<u>SB 6035</u>	Limits activities for which employers may use refunds of work-injury premiums.	House Ways and Means
<u>HB 1896</u>	Creates the Essential Worker Pilot Program.	Dead House Commerce & Labor
<u>SB 5831</u>	Creating the Washington state essential worker pilot program.	Dead Senate Labor Commerce
<u>HB 1711</u>	Modifies provisions regarding the computation of median wages for unemployment compensation purposes.	Dead House Commerce & Labor
<u>HB 1990</u>	Exempting language service providers from the definition of employment and worker for the purposes of unemployment compensation and industrial insurance.	Dead House Commerce & Labor
<u>SB 5771</u>	Exempting language service providers from the definition of employment and worker for the purposes of unemployment compensation and industrial insurance.	Dead Senate Labor Commerce
PERMITTING		
<u>SB 5120</u>	Stipulates that the permitting fee for an agricultural structure may not exceed the lower of the actual cost of administration, or \$75. Defines "specialty agricultural structures" as structures that are designed and constructed to house farm equipment, hay, grain, poultry, livestock, and other horticultural products.	House Ways and Means
PEST CONTROL		
<u>HB 1682</u>	Allows a member of a county horticultural pest and disease board to be a nonresident who owns property in the county and is involved in the primary and commercial production of horticultural products.	Delivered to Governor

PROPERTY

- HB 1242 Allows people who lease land to bring legal action against the property owner if the owner causes the lessee to lose the opportunity to harvest an agricultural crop. [Dead House Judiciary](#)
- HB 1295 Allowing annexation of county-owned fairgrounds only with the consent of the majority of the board of county commissioners. [Conference Committee](#)

TAXES

- SB 5911 Requires ag producers with revenue greater than \$200,000/year to pay the state Business & Occupations tax; farm auctions would be subject to the state sales tax. [Senate Ways & Means](#)
- HB 1232 Defining commercial agricultural purposes to include current farming practices and activities related to the raising, harvesting, feeding, breeding, managing, selling, care, or training of a farm product. [House Finance](#)
- HB 1557 Requiring that first-year taxes paid on new farm structures be used to offset any permit and inspection fees. [House Local Government](#)
- HB 1815 Clarifies eligibility for open space tax exemption. Standing crops with an expectation of harvest in 15 years -- on parcels of 5-20 acres -- remain eligible. Includes grapes, tree fruit, asparagus and other "wait to harvest" commodities. No income threshold for individual parcels or aggregated adjacent parcels totaling more than 20 acres. [Senate Ways and Means](#)
- SHB 2275 Exempts propane used by farmers for off-highway purposes from sales and use taxes. The Farm Bureau estimates the measure could save farmers \$4.8 million during the next two years. [Senate Ways and Means](#)

WATER

- HB 1268 Eliminates the partial relinquishment of water rights. [Dead House Ag](#)
- SB 5299 Directs the Department of Ecology to aggressively pursue the development of storage, conservation, and other actions to provide water supplies to benefit both instream and out-of-stream uses. [Dead Senate Environment, Water & Energy](#)

- [HB 1334](#) Concerning water resource management on the Columbia and Snake rivers. [House Ways & Means](#)
- [SB 5533](#) Defines the process for a "limited" water rights adjudication process when the issues requiring determination of water do not affect every water right holder in a basin. The Yakima River Basin Surface Water Adjudication is the only general adjudication currently in process and is nearing completion. [Senate Rules](#)
- [HB 1571](#) Defines the process for a "limited" water rights adjudication process when the issues requiring determination of water do not affect every water right holder in a basin. The Yakima River Basin Surface Water Adjudication is the only general adjudication currently in process and is nearing completion. [Senate Rules](#)
- [SB 5839](#) Revises several rules for irrigation district management, including electric power authority, director compensation, and district liability. [House Rules](#)