



LegisLetter

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Activities of the Legislature affecting farmers and ranchers in Washington state

February 13, 2009

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Climate Change in Olympia

The Governor's "Cap and Trade" bill received much attention on Tuesday, February 3, with a follow up Senate hearing on February 10.

On Feb 3, the Senate Environment, Water, and Energy Committee heard [SB 5735](#) sponsored by Sen. Phil Rockefeller (D-Bainbridge Island) while at the same time the House Ecology and Parks Committee heard [HB 1819](#) sponsored by Rep. Dave Upthegrove (D-Des Moines).

The bills, identical as introduced, would move the state closer to a "cap and trade" program for greenhouse gas emissions. Last session the legislature directed Ecology to develop a program and bring it back for legislative approval. This bill reflects the summer's work. In essence, the bill would grant Ecology the authority to develop a cap and trade program by rule, with stakeholder input along the way. Full authority is granted to Ecology to determine if and how allowances would be distributed to businesses "emitting" greenhouse gases and how many of those allowances would be put out to the highest bidder. In other words, as the state races toward the 2050 goal of a 50 percent reduction in greenhouse gas emissions, businesses could be forced to compete with any entity to buy enough "credits" to operate their business. Then each year after the 2012 starting date for the program, "emitters" would be cut back on their allowances and they would need to reduce their emissions or buy credits- similar to the reductions emitters of SO² must do.

Additionally, the bill would allow Ecology to establish an offset program for activities that remove carbon from the atmosphere or reduce carbon emissions- such as by agricultural, forestry, or waste reduction efforts. Unfortunately the bill is vague and undefined on this program, as is the rest of the bill.

The final area of great concern is the ability of Ecology to regulate transportation fuels (translated gas and diesel purchases by everyone).

More than 100 people jammed both hearings to share their views on “climate change.” Panels made up of representatives of the Governor’s office and Ecology led off the discussion followed by rotating pro and con panels. Most found it difficult to express complex thoughts in their hurried testimony, which was limited to two minutes per speaker. It was abundantly clear that the issues captured in the bill are far from settled. The business community, which remains united against the measure, stressed that legislation is not needed this year and we need to carefully examine the fiscal costs of pursuing carbon policies. Farm Bureau focused on the need to address the real needs associated with natural climate variability such as drought and flooding.

Association Health Plan Update

Last Friday the House Health Care & Wellness Committee heard two bills that would adversely affect association health plans, [HB 1712](#) and [1714](#), both by committee chair Rep. [Eileen Cody](#) (D-Seattle).

HB 1714 is scheduled for a vote in committee on Friday, February 13 at 1:30 p.m.

In its current form, this bill would force association health plans (AHPs) into the small group market. A study recently conducted for the legislature showed that plans in the small group market are on average 11 percent more expensive than association health plans. Moreover, moving AHPs into the small group market would strip them of important characteristics and flexibilities that allow AHPs to be so competitive and responsive to member needs.

This morning, Rep. Cody unveiled a striking amendment to replace the current bill with new language requiring greater disclosure of plan-related data from AHPs and/or the insurance carriers that provide these plans to the associations. **Farm Bureau strongly opposes the bill and the striking amendment.**

Please continue to call the following House Health Care & Wellness Committee members and urge them to leave your association plan alone:

Cody, Eileen (D-Seattle), Chair	(360) 786-7978
Driscoll, John (D-Spokane), Vice Chair	(360) 786-7962
Campbell, Tom (R-Spanaway)	(360) 786-7912
Clibborn, Judy (D-Mercer Island)	(360) 786-7926
Green, Tami (D-Lakewood)	(360) 786-7958
Kelley, Troy (D-Tacoma)	(360) 786-7890
Moeller, Jim (D-Vancouver)	(360) 786-7872
Morrell, Dawn (D-Puyallup)	(360) 786-7968
Pedersen, Jamie (D-Seattle)	(360) 786-7826

Open Space Tax Program Receives Interest and Support

Open Space Tax legislation received several hearings this week.

[SB 5817](#), sponsored by Sen. Randi Becker (R-Enumclaw) and [SB 5792](#), sponsored by Sen. Tim Sheldon (D-Potlatch) were heard Tuesday in the Senate Agriculture, Rural & Economic Development Committee.

SB 5792 would resolve the eligibility of Christmas trees. Currently, some assessors require that the trees be harvested and sold before the land is eligible for the open space tax program. That approach leaves some smaller parcels all but ineligible for the program.

SB 5817 is a more comprehensive approach that would address many of the current issues of eligibility created by mismanagement of the program by some assessors across the state. Among the effects of SB 5817 would be:

- Locking in the recent Dept. of Revenue emergency rule that clarifies that livestock operations do not have to breed on site to remain eligible.
- Clarifying that Christmas trees are eligible for the program.
- Clarifying that horse operations are eligible for the program.
- Clarifying the eligibility of commodities that take several years to produce a crop, even during the stage of planting or preparing the ground for planting. (Examples would be grapes, tree fruits, etc.)

On Thursday, the House Finance Committee heard Rep. Roger Goodman's (D-Kirkland) [HB 1733](#), which would clarify that horse operations are eligible agriculture and would alleviate penalties and back taxes for agricultural operations that are removed from the open space program through no fault of their own.

Friday, the House Agriculture and Natural Resources Committee heard [HB 1232](#), sponsored by Rep. Bill Hinkle (R-Cle Elum). Like SB 5817, this bill takes a comprehensive approach to resolving the current issues with the open space tax program. In fact, HB 1232 was the first bill introduced in the 2009 legislative session on this topic.

Washington Farm Bureau has been clear in its support of all these bills, pointing out that all commodities are important to the state and the agricultural economy. The issues created by assessors across the state have demonstrated a clear bipartisan support for the open space tax program and for agriculture.

Additional legislation on the topic has been introduced and additional bills may receive committee consideration.

While supporting the finely-tuned bills on portions of the issue (horses, Christmas trees, etc.), WFB has encouraged the passage of the more comprehensive legislation (HB 1232 & SB 5817) to ensure that good definitions and protections are provided to all of agriculture.

Water Legislation Gets Public Review

The Senate Environment, Water and Energy Committee heard four water bills on Feb 10, including: [SB 5114](#) - Eliminating the partial relinquishment of water rights, sponsored by Sen. Jim Honeyford (R- Sunnyside); [SB 5299](#) - Concerning water resource management on the Columbia and Snake rivers, sponsored by Sen. Brian Hatfield (D-Raymond); [SB 5692](#) - Regarding sufficient cause for the nonuse of water sponsored by Sen. Jim Honeyford (R-Sunnyside); and [SB 5533](#) - Regarding the adjudication of water rights sponsored by Sen. Phil Rockefeller (D-Bainbridge Island).

The Committee took testimony on all the relinquishment bills at once (just as the House committee did). Farm Bureau and others supporting the measures pointed out that relinquishment serves to impede water right transfers and provides extreme uncertainty among water right holders, as well as impeding water conservation efforts. It is unclear if any relinquishment legislation will move this year. However, in an effort to achieve this end, Farm Bureau is working with legislators and other stakeholders to try to find an acceptable package of issues that could be supported by both conservation groups and water users.

The adjudication bill (SB 5533) is a request bill of the Department of Ecology and is designed to streamline water right adjudications and reduce the cost of such actions for all parties. Water users are working with Ecology to try to formulate a measure that will meet this goal without harming the due process rights of water right holders that are parties to adjudication.

B&O Tax on Farmers Introduced

Ignoring Governor Chris Gregoire's call for no new taxes to balance the state budget, Senate Democrats have introduced legislation aimed right at your pocketbook.

[SB 5911](#), sponsored by Sens. [Craig Pridemore](#) (D-Vancouver), [Phil Rockefeller](#) (D-Bainbridge Island) and [Adam Kline](#) (D-Seattle) would make farms with gross receipts of \$200,000 or more subject to the state's business and occupations (B&O) tax. The B&O tax rate for wholesaling activities is currently 0.484 percent of sales.

The bill would also repeal the existing sales tax exemption for farm equipment auctions conducted on the farm.

The bill was referred to the Senate Ways & Means Committee, but has not yet been scheduled for a hearing by Sen. [Margarita Prentice](#) (D-Seattle), the committee chair.

SMA/GMA Legislation Receives Hearing

On Wednesday, the House Local Government Committee heard HB [1653](#) sponsored by Rep. Geoff Simpson (D-Covington) and [SB 5726](#) sponsored by Sen. Adam Kline (D-Seattle).

Washington Farm Bureau opposes both bills in their current form, because it appears that they will at least temporarily interfere with the Shoreline Management Act (SMA) protection of existing agricultural activities.

In July 2008, the state Supreme Court upheld the Western Washington Growth Management Board ruling that said that critical areas within the jurisdiction of the SMA are to be governed exclusively by the SMA, while other critical areas are to be covered under the GMA (Growth Management Act).

The Dept. of Ecology, which requested the legislation, wants to "clarify" that this distinction would not take place until Ecology approves a local government's updated Shoreline Master Plan. In the meantime, the GMA regulations would apply.

The impact on agriculture could be a year off, due to the current "timeout" on new regulation of agriculture under the GMA. That timeout expires in July 2010, after the conclusion of discussions at the Ruckelshaus Center a joint WSU-UW policy resolution center. The discussions are focused on finding voluntary efforts to provide both environmental and agricultural benefits.

The Dept. of Ecology and supportive environmental groups like Futurewise and People for Puget Sound have testified that their intent is to not interfere with the SMA protections of existing agricultural activities.

Unfortunately, none of these advocacy organizations have yet agreed to language to clearly protect agriculture from "unintended consequences" of being regulated within the shoreline area by the GMA.

Washington Farm Bureau continues to discuss needed bill language that would provide that protection for agriculture. Until then, WFB remains opposed to this unnecessary legislation.

State-Organized Health Care Proposals Introduced

This week the Senate Health and Long-Term Care Committee heard testimony on [SB 5945](#), by committee chair Sen. [Karen Keiser](#) (D-Des Moines), to establish the Washington health partnership plan. Similar to a bill she introduced last year, this latest "partnership" would utilize a payroll tax to pay for providing health insurance to all Washington residents.

While the rates may change, the bill currently calls for a payroll tax of 5-8 percent on self-employed individuals, 5-9 percent on employers and 1-2 percent on workers.

Sen. [Cheryl Pflug](#) (R-Maple Valley) introduced [SB 5947](#), which would merge the individual and small group health insurance markets into an “exchange” or “connector,” somewhat similar to what Massachusetts has adopted.

Sponsors of each bill claim their approach is not “state-run” health care; however, both create government-appointed boards to direct what “private” insurance plans may be offered to the public in a newly consolidated market organized by these boards.

Farm Bureau opposes both bills.

Wildlife Damage Compensation

[SB 5272](#) - Regarding wildlife interactions, sponsored by Sen. Brian Hatfield (D-Raymond) was heard Monday in the Senate Natural Resources, Oceans & Recreation Committee. This bill and its House companions ([HB 1626](#) and [HB 1354](#)) would establish a program to compensate owners of livestock damaged by bears, wolves, or cougars. This is a critical component of dealing with species that are reentering the state (such as wolves) and the current problems faced by owners of livestock. The measure would create the ability to pay such claims, but no claims may be paid until the program is funded by the Legislature. The notion is to get a program created now and seek the dollars in a year when the state is not attempting to cut billions from the budget.

Bipartisan, Market-Driven Health Care Reform Introduced in the House

The Farm Bureau-backed “CHOICE Act,” [HB 2174](#), has drawn strong bipartisan support. The bill is the result collaborative efforts among many of the state’s leading business associations, including Farm Bureau, to find ways to lower health insurance costs, increase access to affordable health insurance, reward wellness activities, empower consumers to make educated health services purchasing decisions, and retool the state’s Basic Health Plan to provide coverage options for enrollees.

Farm Bureau is very pleased that at least a dozen legislators have signed on to the bill, including Rep. Deb [Eddy](#) (D-Kirkland) prime sponsor, and Reps. Larry [Sequist](#) (D-Gig Harbor), Doug [Ericksen](#) (R-Bellingham), Bill [Hinkle](#) (R-Cle Elum), Dean [Takko](#) (D-Longview), Jaime [Herrera](#) (R-Ridgefield), Pat [Sullivan](#) (D-Covington), Eric [Pettigrew](#) (D-Seattle), Larry [Springer](#) (D-Kirkland), Brian [Blake](#) (D-Aberdeen), Deb [Wallace](#) (D-Vancouver), and Mark [Ericks](#) (D-Bothell) as co-sponsors.

Bills of Interest

The bill tracking list is now available on our website. It will be updated several times a week. Please check the date for the most current version.

<http://www.wsfb.com/issues/legisletter>

Information Resources

Washington Farm Bureau: www.wsfb.com Governor's Bill Actions: www.governor.wa.gov
Legislative Information: www.leg.wa.gov Legislative Hotline: (800) 562-6000