



October 2023

# Commercial Shellfish Fees — Licensing



## Current Fund Balance

\$111,926 end of fiscal year 2023.



## Fee Forecast

We project a deficit in FY 2023. General Fund State (GFS) funding subsidized the Licensing Fee Program 71% in FY 2023.



## Deficit Drivers

- Fee analysis delays. The last fee increase was 16 years ago in 2007.
- Annual inflation.

At the Department of Health (DOH), we work to protect and improve the health of all people in Washington state. We do this, in part, through regulation of commercial shellfish operations ([Chapter 69.30 RCW](#)). We license and inspect all commercial shellfish operations as required by law. We are part of the National Shellfish Sanitation Program (NSSP) Model Ordinance. Per the 1994 Consent Decree, licensing fees do not affect tribal affiliated operations.

We certify over 300 operations with more than 6,000 harvest sites and 100 growing areas. These operations provide shellfish for human consumption. The Licensing Program annually inspects facilities, performs complaint investigations, and tracks all harvest sites.

The Licensing Program works with the Testing and Export Certificate programs. These programs are further described in corresponding fact sheets.

# Funding the Program

[RCW 43.70.250](#) requires the cost of each profession, occupation, or business be borne by the members of that profession, occupation, or business through fees.

We charge fees at initial application and then annually for renewal to generate revenue for this program. To set fees appropriately, we consider the financial forecast of the program and set fee amounts designed to align revenue with the cost of licensing and regulating the program.

The current fees were set in September 2007 in response to the program’s growing debt and annual shortfall. In fiscal year (FY) 2007, the program implemented an average 5.36% increase on annual licenses. In-depth detail on the 2007 fee increase is not available.

The program ended FY 2023 with a fee balance of \$111,926. This balance would have been depleted without support of General Fund State (GFS) funding. GFS covers two portions of program costs. The first portion is costs not currently eligible for fee recovery, these costs account for 75% of total license operations. These costs include services that will undergo a program audit to evaluate services and costs before assigning costs to fee payers. Program audit costs also include harvest site, permits, 50% annual license and biotoxin subsidy, and other miscellaneous services. This 75% also includes 1994 Consent Decree licensing costs. The second portion of GFS funding subsidized fees until an in-depth analysis could determine true costs and corresponding fee rates. We did this analysis in 2023 and determined that 71% of licensing costs eligible for fee cost recovery are being subsidized by GFS funding.

# Cost Drivers

Total program costs are projected at \$1,483,249 in FY 2024. The Commercial Shellfish Licensing Program costs are primarily driven by staffing required to regulate the program. Staffing and staffing related costs account for 85% of licensing program expenditures and include 8.01 full time equivalent (FTE) staff.

5 FTE staff are responsible for inspection of all facilities multiple times annually depending on operations type. These staff also perform complaint investigations, track all harvest sites, and issue and monitor various permits. The other 3.01 FTE staff provide program management, supervision, administration, financial and information technology support.

The second major program cost is Information Technology System Support for three databases that support the necessary information to run the program (8% of costs). The remaining costs include travel (4%) and goods and services (3%) of annual program costs.

# Fee Forecast

In 2024, we anticipate increasing fees to bring revenue into alignment with annual fee eligible expenses. We also expect to establish new fees to align costs to the appropriate fee payer.

Operation	Current Fee	Draft Proposed Fee
<b>Annual License Fees</b>		
Harvester 2 or less	\$ 263	\$ 528
Harvester 3 or more	\$ 263	\$ 543
Shellstock Shipper 0-49 Acres 2 or less	\$ 297	\$ 1,096
Shellstock Shipper 0-49 Acres 3 or more	\$ 297	\$ 1,173
Shellstock Shipper 50 or greater Acres	\$ 476	\$ 1,262
Shellstock Shipper Wholesale Only	\$ 297	\$ 1,097
Shellstock Shipper Wholesale Only DNR Tracts	\$ 297	\$ 1,021
Shucker Packer Plants < 2000 sq ft 2 or less	\$ 542	\$ 2,437
Shucker Packer Plants < 2000 sq ft 3 or more	\$ 542	\$ 2,657
Shucker Packer (plants > 5000 sq ft) N/A	\$ 1,210	\$ 2,967
Shucker Packer(plants 2000-5000 sq ft) 2 or less	\$ 656	\$ 3,049
Shucker Packer (plants 2000-5000 sq ft) 3 or more	\$ 656	\$ 2,993
Fee cost allocations are updated based on direct inspection and travel time time per operation type/size/HS counts. The fee structure will now have 12 fee categories that more fairly and accurately allocate cost based on annual inspection and operation data. These rates include cost for annual licensing renewals and annual inspections.		
<b>New per Action Fees</b>		
Non-Compliance Inspection - Virtual	\$ -	\$ 56
Non-Compliance Inspection - Onsite	\$ -	\$ 252
New/Expired License Fee	\$ -	\$ 279
Fee cost allocations are based on the total operation costs divided by the projected number of inspections annually.		

These fees are our first step towards full cost recovery and compliance with [RCW 43.70.250](#). Annual license fees include a 50% subsidy on this fee increase until a program audit on services and costs can be completed. It is also possible that fees may change or increase as a result of this program audit.

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