CHAPTER 124.
[H.B. 311.]
AGRICULTURAL COMMODITIES—STORAGE, SHIPMENT, HANDLING.

AN ACT relating to the storage of agricultural commodities; providing for the establishment and preservation of standards for agricultural commodities; regulating warehousemen and shippers of such commodities; defining certain duties of railroads; regulating track and elevator scales and track connections with industries; providing penalties for the violation thereof; repealing acts and certain parts of acts and chapters 22.01, 22.08, 22.12, and 22.14 RCW; and making an effective date.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. For the purpose of this act:

(1) "Department" means the department of agriculture of the state of Washington.

(2) "Director" means the director of the department or his duly authorized representative.

(3) "Person" means a natural person, individual, firm, partnership, corporation, company, society, association, cooperative, port district, or two or more persons having a joint or common interest.

(4) "Agricultural commodities", hereinafter referred to as commodities, means, but is not limited to, all the grains, hay, peas, hops, grain and hay products, beans, lentils, corn, sorghums, malt, peanuts, flax, and other similar agricultural products, and shall also include agricultural seeds but only when stored by a warehouseman who issues negotiable warehouse receipts therefor.

(5) "Public warehouse" hereinafter referred to as "warehouse" means any elevator, mill, warehouse, public grain warehouse, public warehouse, terminal warehouse, station, or other structure or facility in which commodities are received from the public for storage, shipment, or handling, for compensation: Provided, That this shall not include any warehouse

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storing or handling fresh fruits and/or vegetables or any warehouse used exclusively for cold storage.

(6) "Terminal warehouse" means any warehouse designated as a terminal by the department, and located at an inspection point where inspection facilities are maintained by the department and where commodities are ordinarily received and shipped by common carrier.

(7) "Inspection point" means a city, town, or other place wherein the department maintains inspection and weighing facilities.

(8) "Station" means two or more warehouses between which commodities are commonly transferred in the ordinary course of business and which are (a) immediately adjacent to each other, or (b) located within the corporate limits of any city or town and subject to the same transportation tariff zone, or (c) at any railroad siding or switching area and subject to the same transportation tariff zone, or (d) at one location in the open country off rail.

(9) "Depositor" means any person who deposits a commodity in a warehouse for storage, handling, or shipment, or who is the owner or legal holder of a warehouse receipt, outstanding scale weight ticket, or other evidence of such deposit.

(10) "Warehouse receipt" means a negotiable or nonnegotiable warehouse receipt as provided for in the Uniform Warehouse Receipts Act (chapter 22.04 RCW), as enacted or hereafter amended.

(11) "Warehouseman" means any person owning, operating, or controlling a warehouse.

(12) "Scale weight ticket" means a load slip or other evidence of deposit, serially numbered, not including warehouse receipts as defined in subsection (10) of this section, given a depositor on request upon initial delivery of the commodity to the warehouse and shall show the warehouse name, and state num-
ber, type of commodity, weight thereof, name of depositor, and the date delivered.

Sec. 2. The department shall administer and carry out the provisions of this act and rules adopted hereunder, and it shall have the power and authority to:

1. Supervise the receiving, shipping, handling, weighing, and storage of all commodities;

2. Supervise the inspection and grading of all commodities;

3. Approve or disapprove the facilities, including scales, of all warehouses;

4. Approve or disapprove all rates and charges for the handling, storage, and shipment of all commodities;

5. Investigate all complaints of fraud in the operation of any warehouse;

6. Examine and inspect, during ordinary business hours, any warehouse licensed hereunder, including all commodities therein and all books, documents, and records;

7. Inspect at reasonable times any warehouse or storage facility where commodities are stored, handled, shipped, or received including all commodities stored therein and all books, documents, and records in order to determine whether or not such facility should be licensed pursuant to this act;

8. Administer oaths, issue subpoenas to compel the attendance of witnesses, and/or the production of books, documents, and records anywhere in the state pursuant to a hearing relative to the purpose and provisions of this act. Witnesses shall be entitled to fees for attendance and travel, as provided in chapter 2.40 RCW, as enacted or hereafter amended;

9. Adopt rules regarding the identification of commodities by the use of confetti or other similar means so that such commodities may be readily identified if stolen or removed in violation of the provi-
sions of this act from a warehouse or if otherwise unlawfully transported;

(10) Adopt all the necessary rules and regulations for carrying out the purpose and provisions of this act. The adoption of rules and regulations under the provisions of this act shall be subject to the provisions of chapter 34.04 RCW (Administrative Procedure Act) as enacted or hereafter amended. The director when adopting rules in respect to the provisions of this act shall hold a public hearing and shall to the best of his ability consult with persons and organizations or interests who will be affected thereby, and any final rule adopted as a result of the hearing shall be designed to promote the provisions of this act and shall be reasonable and necessary and based upon needs and conditions of the industry, and shall be for the purpose of promoting the well-being of the industry to be regulated and the general welfare of the people of the state.

Sec. 3. It shall be unlawful for any person to operate a warehouse without first having obtained an annual license from the department. A separate license shall be required for each warehouse a person intends to operate: Provided, That any person operating two or more warehouses which constitute a station may license such warehouses under one state license. All the assets of a given station, licensed under one state license, shall be subject to all the liabilities of that station and for the purposes of this act shall be treated as a single warehouse, requiring all the stocks and obligations of the warehouses at a given station to be treated as a unit for all purposes including, but not limited to, issuance of warehouse receipts and receipt and delivery of commodities for storage, shipment, or handling.

Sec. 4. Application for a license to operate a warehouse under the provisions of this act shall be on a
form prescribed by the department and shall include:

(1) The full name of the person applying for the license and whether the applicant is an individual, partnership, association, corporation or other;

(2) The full name of each member of the firm or partnership, or the names of the officers of the company, society, cooperative association, or corporation;

(3) The principal business address of the applicant in the state and elsewhere;

(4) The name or names of the person or persons authorized to receive and accept service of summons and legal notices of all kinds for the applicant;

(5) The location of each warehouse the applicant intends to operate and the preponderate commodity expected in storage;

(6) The bushel storage capacity of each such warehouse to be licensed, including a schematic diagram accurately showing the areas of storage and floor plan of the warehouse;

(7) The schedule of fees to be charged at each warehouse for the handling, storage, and shipment of all commodities during the licensing period;

(8) A financial statement;

(9) Whether the application is for a station, terminal, or public warehouse license;

(10) Any other reasonable information the department finds necessary to carry out the purpose and provisions of this act.

Sec. 5. Any application for a license to operate a warehouse shall be accompanied by a license fee of one hundred dollars for a terminal warehouse and twenty-five dollars for a public warehouse. If a license-see operates more than one warehouse, under one state license as provided for in section 3 of this act, the license fee shall be computed by multiplying the number of physically separated warehouses within such station by the applicable terminal or public warehouse license fee. If an application for renewal
of a license or licenses is not received by the department prior to June 30th of any year, a penalty of fifty dollars shall be assessed and added to the original fee and shall be paid by the applicant before the renewal license shall be issued. This penalty shall not apply if the applicant furnishes an affidavit certifying that he has not acted as a warehouseman subsequent to the expiration of his prior license.

Sec. 6. No license shall be issued to an applicant before a bond as provided in section 9 of this act and a certificate of insurance as provided in section 11 of this act have been filed with the department, or, as to bond requirements under section 9 of this act proof of filing of a bond with the United States secretary of agriculture as required by the United States Warehouse Act (7 USCA § 241 et seq.). Proof of such filing with the United States secretary of agriculture shall be by filing a certified copy of such bond with the department.

Sec. 7. The department shall issue a license to an applicant upon its determination that the applicant has facilities adequate for handling and storage and that the application is in the proper form and upon approval of the matters contained therein and upon a showing that such applicant has complied with the provisions of this act and rules adopted hereunder. The licensee shall forthwith upon receipt of such license post it in a conspicuous place in the office of the licensed warehouse or if a station license, in the main office at such station. Such license shall expire on June 30th, subsequent to the date of issuance unless it has been revoked, canceled, or suspended prior thereto by the department.

Sec. 8. The department is authorized to deny, suspend, or revoke a license after a hearing in any case in which it is determined that there has been a violation or refusal to comply with the requirements of
this act, rules adopted hereunder, or the provisions of the Uniform Warehouse Receipts Act (chapter 22.04 RCW) as enacted or hereafter amended. All hearings for the denial, suspension, or revocation of a license shall be subject to chapter 34.04 RCW (Administrative Procedure Act) as enacted or hereafter amended.

SEC. 9. (1) Before any person shall be granted a license pursuant to the provisions of this act such person shall give a bond to the state of Washington executed by the warehouseman as principal and by a corporate surety licensed to do business in this state as surety. The bond shall be in the sum of not less than ten thousand dollars nor more than two hundred thousand dollars. The department shall, after holding a public hearing, determine the amount of the bond which shall be computed at a rate of not less than ten cents nor more than twenty-five cents per bushel multiplied by the number of bushels of licensed commodity storage capacity of the warehouses of the licensee furnishing the bond. The department shall in determining the rate per bushel in fixing the amount of the bond take into consideration the bonding requirements of the United States Warehouse Act (7 USCA § 241 et seq.).

(2) The bond shall be approved by the department and shall be conditioned upon the faithful performance by the warehouseman of the duty to keep in the warehouse for the depositor the commodity delivered, and to deliver the commodity to, or ship it for such depositor, and such additional obligations as a warehouseman as may be assumed by him under storage contracts with the respective depositors of commodities in such warehouse. In case a person has applied for licenses to conduct two or more warehouses in the state, the assets applicable to all warehouses, but not the deposits except in case of a sta-
tion, shall be subject to the liabilities of each. The total and aggregate liability of the surety for all claims upon such bond shall be limited to the amount specified in the bond.

(3) The warehouseman may give a single bond meeting the requirements of this act, and all warehouses operated by the warehouseman shall be deemed as one warehouse for the purpose of the bond required under such section. Any change in the capacity of a warehouse or installation of any new warehouse involving a change in bond liability under this act shall be immediately reported to the department prior to the operation thereof.

(4) If a bond has been filed with, and approved by, the department of agriculture of the United States, as required by the United States Warehouse Act (7 USCA § 241 et seq.), then such bond shall be considered as in lieu of the bond required by this section only when:

(a) Satisfactory proof of the filing and approval of the bond is filed with the department;

(b) The surety is a corporation authorized to do business as a surety in this state;

(5) The department may when the sum of such surety bond is less than that required in this act accept in addition thereto a surety bond whose sum when added to the sum of the surety bond filed with the United States department of agriculture shall satisfy the requirement of this act.

(6) Notwithstanding any other provisions of this act, the license of a warehouseman shall automatically be suspended in accordance with the provisions of section 10 of this act for failure at any time to have or to maintain a bond in the amount and type required herein. The department shall remove the suspension or issue a license as the case may be, when the required bond has been obtained.

(7) Any warehouseman required to submit a
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tion—Release
of surety.

Sec. 10. Every bond filed with and approved by the department shall without the necessity of periodic renewal remain in force and effect until such time as the warehouseman's license is revoked for cause or otherwise canceled. The surety on a bond, as provided herein, shall be released and discharged from all liability to the state accruing on such bond after the expiration of ninety days from the date upon which such surety shall have lodged with the department a written request to be released and discharged; but this provision shall not operate to relieve, release, or discharge the surety from any liability already accrued or which shall accrue before the expiration of the ninety-day period. The surety shall simultaneously send such notification of cancellation in writing to any other governmental agency requesting it. The department shall promptly upon receiving any such request notify the principal who
furnished the bond and unless the principal shall, on or before the expiration of the ninety-day period, file a new bond, the department shall forthwith cancel the principal's license.

Sec. 11. All commodities in storage in a warehouse shall be kept fully insured for the current market value of such commodity for the license period against loss by fire, lightning, internal explosion, windstorm, cyclone, and tornado. Evidence of such insurance coverage in the form of a certificate of insurance approved by the department shall be filed by the warehouseman with the department at the time of making application for an annual license to operate a warehouse as required by this act. The department shall issue a license when such certificate of insurance is received.

Sec. 12. (1) Upon the existence of an effective policy of insurance as required in section 11 of this act, the insurance company involved shall be required to give thirty days' advance notice to the department by registered mail or certified mail return receipt requested of any cancellation of the policy. In the event of any cancellation, the department, without hearing, shall immediately suspend the license of such person, and the suspension shall not be removed until satisfactory evidence of the existence of an effective policy of insurance conditioned as above set out, has been submitted to the department.

Sec. 13. (1) Every warehouseman shall receive for storage, handling, or shipment, so far as the capacity and facilities of his warehouse will permit, all commodities included in the provisions of this act, in suitable condition for storage, tendered him in the usual course of business and shall issue therefor a warehouse receipt or receipts in form prescribed by the department as herein provided or a scale

Agricultural commodities--Rights, duties of licensee. Receipts--Special binning--Unsuitable commodities.

weight ticket. The deposit for storage, shipment or handling of such commodity must be credited to the depositor in the books of the warehouseman within seven days from the date of such deposit. If the commodity has been graded a warehouse receipt shall be issued within ten days after demand by the owner.

(2) If requested by the depositor, each lot of his commodity shall be kept in a special pile or special bin, if available, but in the case of a bulk commodity, if the lot or any portion of it does not equal the capacity of any available bin, the depositor may exercise his option to require the commodity to be specially binned only on agreement to pay charges based on the capacity of the available bin most nearly approximating the required capacity.

(3) A warehouseman shall have the right to refuse to accept for storage commodities which are wet, damaged, insect-infested, or in other ways unsuitable for storage.

SEC. 14. (1) When partial withdrawal of his commodity is made by a depositor, the warehouseman shall make appropriate notation thereof on the depositor's nonnegotiable receipt or on other records, or, if the warehouseman has issued a negotiable receipt to the depositor, he shall claim, cancel, and replace it with a negotiable receipt showing the amount of such depositor's commodity remaining in the warehouse, and for his failure to claim and cancel, upon delivery to the owner of a commodity stored in his warehouse, a negotiable receipt issued by him, the negotiation of which would transfer the right to possession of such commodity, a warehouseman shall be liable to anyone who purchases such receipt for value and in good faith, for failure to deliver to him all the commodity specified in the receipt, whether such purchaser acquired title to the negotiable receipt before or after delivery of any part of the commodity by the warehouseman.
SEC. 15. (1) The duty of the warehouseman to deliver the commodity stored shall be governed by the provisions of this act and the requirements of the Uniform Warehouse Receipts Act (chapter 22.04 RCW) as enacted or hereafter amended. Upon the return of the receipt to the proper warehouseman, properly endorsed, and upon payment or tender of all advances and legal charges, commodities of the grade and quantity named therein shall be delivered to the holder of such receipt, except as provided by the Uniform Warehouse Receipts Act (chapter 22.04 RCW) as enacted or hereafter amended.

(2) A warehouseman's duty to deliver any commodity is fulfilled if delivery is made pursuant to the contract with the depositor or if no contract exists, then to the several owners in the order of demand as rapidly as it can be done by ordinary diligence; where delivery is made within forty-eight hours excluding Saturdays, Sundays, and legal holidays after facilities for receiving the commodity are provided, such delivery is deemed to comply with this subsection.

(3) No warehouseman shall fail to deliver a commodity as provided in this section, and delivery shall be made at the warehouse or station where the commodity was received unless agreed otherwise.

(4) In addition to being subject to penalties provided in this act for a violation of this section, if a warehouseman unreasonably fails to deliver commodities within the time as provided in this section, the person entitled to delivery of the commodity may maintain an action against the warehouseman for any damages resulting from the warehouseman's unreasonable failure to so deliver. In any such action the person entitled to delivery of the commodity has the option to seek recovery of his actual damages or liquidated damages of one-half of one percent of the
value for each day’s delay after such forty-eight hour period.

Sec. 16. (a) If a warehouseman discovers that as a result of a quality or condition of a certain commodity placed in his warehouse, including identity preserved commodities as provided for in section 13 (2) of this act, of which he had no notice at the time of deposit, such commodity is a hazard to other commodities or to persons or to the warehouse he may notify the depositor that it will be removed. If the depositor does not accept delivery of such commodity upon removal the warehouseman may sell the commodity at public or private sale without advertisement but with reasonable notification of the sale to all persons known to claim an interest in the commodity. If the warehouseman after a reasonable effort is unable to sell the commodity, he may dispose of it in any other lawful manner and shall incur no liability by reason of such disposition.

(b) At any time prior to sale or disposition as authorized in this section, the warehouseman shall deliver the commodity to any person entitled to it, upon proper demand and payment of charges.

(c) From the proceeds of sale or other disposition of the commodity the warehouseman may satisfy his charges for which otherwise he would have a lien, and shall hold the balance thereof for delivery on the demand of any person to whom he would have been required to deliver the commodity.

Sec. 17. (1) If written instruction or order is given or furnished by the owner of the commodity, or his authorized agent, directed to a licensed warehouseman, and if such order is properly made a part of the warehouseman’s records and available for departmental inspection, then the warehouseman:

(a) May accept such deposit of a commodity for the purpose of sale to the warehouseman;
(b) May receive such commodity for the purpose of processing or cleaning;

(c) May receive such commodity for the purpose of shipping by the warehouseman for the account of the depositor;

(d) May accept seed and handle the same pursuant to the terms of a contract with the depositor and the contract shall be considered written instructions pursuant to subsection (1) of this section.

(2) Commodities deposited with the warehouseman without written order, as provided for in subsection (1) of this section, must be handled and considered to be a commodity in storage.

Sec. 18. (1) A licensee operating another business in conjunction with, or in proximity to, his warehouse shall keep a complete set of records for all commodities stored. Deposits of commodities for the account of such other business, or for commodities owned by the warehouseman, shall be entered in the books of the warehouse in the same manner as those of other depositors.

(2) No warehouse receipt issued by any warehouseman as defined in this act and no negotiation, transfer, or pledge of any such receipt shall be defeated by reason of the fact that the goods covered by the receipt were owned, in whole or in part, by the warehouseman at the time the receipt was issued.

Sec. 19. No warehouseman subject to the provisions of this act shall:

(1) Directly or indirectly, by any special charge, rebate, drawback, or other device, demand, collect, or receive from any person a greater or lesser compensation for any service rendered or to be rendered in the handling, storage, or shipment of any commodity than he demands, collects, or receives from any other person for doing for him a like and contemporaneous service in the handling, storage, or ship-
ment of any commodity under substantially similar circumstances or conditions;

(2) Make or give any undue or unreasonable preference or advantage to any person in any respect whatsoever;

(3) Subject any particular person to any undue or unreasonable prejudice or disadvantage in any respect whatsoever.

Sec. 20. Each warehouseman shall report information to the department at such times and as may be reasonably required by the department for the necessary enforcement and supervision of a sound, reasonable, and efficient warehouse inspection program for the protection of depositors of commodities and for persons, or agencies, who deal in such commodities.

Sec. 21. It shall be unlawful for any warehouseman to receive in any terminal warehouse any grain that has not been weighed, inspected, and/or graded by an employee of the department under the supervision of a duly authorized inspector of the department, or to deliver out of any terminal warehouse any grain that has not been weighed, inspected, and/or graded in such manner.

Sec. 22. A warehouse or station shall be constructed and maintained in a manner adequate to carry out the provisions of this act.

Sec. 23. Every licensee shall post at or near the main entrance to each of his warehouses a sign as prescribed by the department which shall include the words “Washington Bonded Warehouse”. It shall be unlawful to display such sign or any sign of similar appearance or bearing the same words, or words of similar import, when such warehouse is not licensed and bonded under this act.

Sec. 24. Every warehouseman shall annually, during the first week in July, publish by posting in a
conspicuous place in each of his warehouses the schedule of storage and handling rates filed with the department for the ensuing license year. The schedule shall be kept posted and the rates shall not be changed during such year except upon approval of the department.

Sec. 25. It shall be unlawful for a warehouseman to:

(1) Issue a warehouse receipt for any commodity which he does not have in his warehouse at the time such receipt is issued;

(2) Issue warehouse receipts in excess of the amount of the commodities held in the licensee's warehouse to cover such receipt;

(3) Remove, deliver, direct, assist, or permit any person to remove, or deliver any commodity from any warehouse for which warehouse receipts have been issued and are outstanding without receiving and canceling the warehouse receipt issued therefor;

(4) Sell, encumber, ship, transfer, or in any manner remove or permit to be shipped, transferred, or removed from a warehouse any commodity received by him for deposit, shipment, or handling, for which scale weight tickets have been issued without the written approval of the holder of the scale weight ticket and such transfer shall be shown on the individual depositor's account and the inventory records of the warehouseman;

(5) Remove, deliver, direct, assist, or permit any person to deliver, or remove any commodities from any warehouse, whereby the amount of any fairly representative grade or class of any commodity in the warehouses of such licensee is reduced below the amount for which warehouse receipts for the particular commodity are outstanding;

(6) Issue a warehouse receipt showing a grade or description different from the grade or descrip-
tion of the commodity delivered and for which such warehouse receipt is issued;

(7) Issue a warehouse receipt or scale weight ticket which exceeds in amount from the actual quantity of commodities delivered for storage;

(8) Fail to deliver commodities pursuant to section 15 of this act upon demand of the depositor;

(9) Knowingly accept for storage any commodity destined for human consumption which has been contaminated with an agricultural pesticide or filth rendering it unfit for human consumption, if such commodities are commingled with any uncontaminated commodity;

(10) Terminate storage of a commodity in his warehouse without giving reasonable notice to the depositor.

SEC. 26. No depositor shall knowingly deliver for deposit of unfit corn, storage, shipment, or handling any commodity treated with an agricultural pesticide or contaminated with filth rendering it unfit for human consumption without first notifying the warehouseman.

SEC. 27. All railroad companies and warehousemen operating in the cities provided for inspection by this act shall furnish ample and sufficient police protection to all their several terminal yards and terminal tracks to securely protect all cars containing commodities while the same are in their possession. They shall prohibit and restrain all unauthorized persons, whether under the guise of sweepers, or under any other pretext whatever, from entering or loitering in or about their railroad yards or tracks and from entering any car of commodities under their control, or removing commodities therefrom, and shall employ and detail such number of watchmen as may be necessary for the purpose of carrying out the provisions of this section.
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Sec. 28. Any railroad delivering commodities covered by this act in cars at designated inspection points shall provide convenient and suitable side tracks at such places as the department may approve. All cars billed for inspection shall be placed on such side tracks and the department shall be notified by the railroad in accordance with department regulations. Such railroad company shall provide suitable track scales for weighing cars of commodities upon the request of interested persons. Upon request, the department may weigh, or supervise the weighing of all cars of commodities received over the line of such railroad. Such weighing shall be conditioned upon the weighing of such cars after unloading to determine the actual weight of commodities delivered.

Sec. 29. (1) Every warehouse receipt issued for commodities covered by this act shall embody within its written or printed terms:

(a) The grade of the commodities received as established by the official standards of this state, unless the identity of the commodity is in fact preserved in a special pile or special bin, and an identifying mark of such pile or bin shall appear on the face of the receipt and on the pile or bin. Such commodity in such special pile or bin shall not be removed or relocated without canceling the outstanding receipt and issuing a new receipt showing such change;

(b) Such other terms and conditions as required by the Uniform Warehouse Receipts Act (chapter 22.04 RCW) as enacted or hereafter amended: Provided, That nothing contained therein shall require a receipt issued for wheat to specifically state the variety of wheat by name;

(c) A clause reserving for the warehouseman the optional right to terminate storage and collect outstanding charges against any lot of commodities after June 30th following the date of the receipt.
Agricultural commodities act—Warehouse receipts. Forms, numbering, bond—Compliance with federal act—Confiscation.

Proviso.

Proviso.

(2) Warehouse receipts issued under the United States Warehouse Act (7 USCA § 241 et seq.) shall be deemed to fulfill the requirements of this act so far as it pertains to the issuance of warehouse receipts.

Sec. 30. (1) All warehouse receipts issued under this act shall be upon forms prescribed by the department and supplied only to licensed warehousemen at cost of printing, packing, and shipping, as determined by the department. They shall contain the state number of such license and shall be numbered serially for each state number and the original negotiable receipts shall bear the state seal. Requests for such receipts shall be on forms furnished by the department and shall be accompanied by payment to cover cost: Provided, That the department by order may allow a warehouseman to have his individual warehouse receipts printed, after the form of the receipt is approved as in compliance with this act, and the warehouseman’s printer shall supply an affidavit stating the amount of receipts printed, numbers thereof: Provided further, That the warehouseman must supply a bond in an amount fixed by the department and not to exceed five thousand dollars to cover any loss resulting from the unlawful use of any such receipts.

(2) All warehouse receipts shall comply with the provisions of the Uniform Warehouse Receipts Act (chapter 22.04 RCW) as enacted or hereafter amended, except as to the variety of wheat as set forth in section 29 (1) (b) herein, and with the provisions of this act where not inconsistent or in conflict with the Uniform Warehouse Receipts Act. All receipts remaining unused shall be confiscated by the department if the license required herein is not promptly renewed or is suspended, revoked, or canceled.
SEC. 31. Any person, or any agent or servant of such person, or any officer of a corporation who prints, binds, or delivers warehouse receipt forms, except on an order or requisition signed by the director, or who uses such forms knowing that they were not so printed, bound, or delivered shall be guilty of a misdemeanor.

SEC. 32. In case any warehouse receipt issued by a licensee shall be lost or destroyed, the owner thereof shall be entitled to a duplicate receipt from the licensee upon executing and delivering to the warehouseman issuing such receipt, a bond in double the value of the commodity covered by such lost receipt, with good and sufficient surety to indemnify the warehouseman against any loss sustained by reason of the issuance of such duplicate receipt, and such duplicate receipt shall state that it is issued in lieu of the former receipt, giving the number and date thereof.

SEC. 33. Nothing in this act shall be construed to prevent the issuance of scale weight tickets as defined in section 1 (12) of this act showing when and what quantities of commodities were received and the condition thereof upon delivery.

SEC. 34. (1) Upon the request of any person or persons having an interest in a commodity stored in any public warehouse and upon payment of twenty-five dollars in advance by such person or persons, the department may cause such warehouse to be inspected and shall check the outstanding negotiable and nonnegotiable warehouse receipts, and scale weight tickets which have not been superseded by negotiable or nonnegotiable warehouse receipts, with the commodities on hand and shall report the amount of receipts and scale weight tickets outstanding and the amount of storage, if any. If the cost of the examination is more than twenty-five dollars,
the person or persons having an interest in the commodity stored in any such warehouse, and requesting such examination, shall pay the additional cost to the department, unless a shortage is found to exist.

(2) A warehouse shall be maintained in a manner which will provide a reasonable means of ingress and egress to the various storage bins and compartments by those persons authorized to make inspections and an adequate facility to complete such inspections shall be provided.

(3) The property, books, records, accounts, papers, and proceedings of every such warehouseman shall at all reasonable times be subject to such inspection by the department. The warehouseman shall maintain adequate records and systems for the filing and accounting of warehouse receipts, canceled warehouse receipts, scale weight tickets, other documents, and transactions necessary or common to the warehouse industry. Canceled warehouse receipts, copies of scale weight tickets, and other copies of documents evidencing ownership or ownership liability shall be retained by the warehouseman for a period of at least three years from the date of deposit.

Sec. 35. (1) Whenever it appears that there is evidence after any investigation that a warehouseman has not in his possession sufficient commodities to cover the outstanding warehouse receipts, scale weight tickets, or other evidence of storage liability issued or assumed by him, or when such warehouseman refuses to submit his books, papers, or property to lawful inspection, the department may give notice to the warehouseman to comply with all or any of the following requirements:

(a) Cover such shortage;
(b) Give additional bond as requested by the department;
(c) Submit to such inspection as the department may deem necessary.
(2) If such warehouseman fails to comply with the terms of such notice within twenty-four hours from the date of its issuance, or within such further time as the department may allow, the department may petition the superior court of the county where the licensee's principal place of business is located (as shown by the license application) for an order:

(a) Authorizing the department to seize and take possession of all or a portion of special piles and special bins of commodities and all or a portion of commingled commodities in the warehouse or warehouses owned, operated, or controlled by the warehouseman, and of all books, papers, and property of all kinds used in connection with the conduct or the operation of such warehouseman’s warehouse business, and the books, papers, records and property which pertain specifically, exclusively and directly to that business; and

(b) Enjoining the warehouseman from interfering with the department in the discharge of its duties as required by this section.

(3) Upon taking possession the department shall give written notice of its action to the surety on the bond of the warehouseman and may notify the holders of record, as shown by the warehouseman's records, of all warehouse receipts or scale weight tickets issued for commodities, to present their warehouse receipt or other evidence of deposits for inspection, or to account for the same. The department may thereupon cause an audit to be made of the affairs of such warehouse, especially with respect to the commodities in which there is an apparent shortage, to determine the amount of such shortage and compute the shortage as to each depositor as shown by the warehouseman’s records, if practicable. The department shall notify the warehouseman and the surety on his bond of the approximate amount of such shortage and notify each depositor thereby
affected by sending notice to the depositor’s last known address as shown by the records of the warehouseman.

(4) The department shall retain possession of the commodities in the warehouse or warehouses, and of the books, papers, and property of the warehouseman, until such time as the warehouseman or the surety on the bond shall have satisfied the claims of all holders of warehouse receipts or other evidence of deposits, or, in case the shortage exceeds the amount of the bond, the surety on the bond shall have satisfied such claims pro rata, or until such time as the department is ordered by the court to surrender possession.

(5) If during or after the audit provided for in this section, or at any other time the department has evidence that the warehouseman is insolvent or is unable to satisfy the claims of all holders of warehouse receipts or other evidence of deposits, the department may petition the superior court which authorized the department to take possession, for the appointment of a receiver to operate or liquidate the business of the warehouseman in accordance with law.

(6) At any time within ten days after the department takes possession of any commodities, or the books, papers, and property of any warehouse, the warehouseman may serve notice upon the department to appear in the superior court of the county in which such warehouse is located, at a time to be fixed by such court, which shall not be less than five, nor more than fifteen days from the date of the service of such notice, and show cause why such commodities, books, papers, and property should not be restored to his possession.

(7) All necessary expenses incurred by the department in carrying out the provisions of this section may be recovered in a separate civil action.
brought by the department in the said superior court or recovered at the same time and as a part of the receivership or seizure action filed under this act.

(8) As a part of the expenses so incurred, the department or the receiver is authorized to include the cost of adequate liability insurance necessary to protect the department, its officers, and others engaged in carrying out the provisions of this section.

Sec. 36. If a receiver is appointed, the surety on the bond of the warehouseman shall be joined as a party defendant by the receiver. If required by the court, the surety shall pay the bond proceeds, or so much thereof as the court may find necessary, into court and thereby shall become absolutely discharged and relieved of any further liability to the extent of such payment. In addition to other authority provided by law, the receiver shall have authority to give notice and provide a reasonable time, as approved by the court, to persons holding warehouse receipts or other evidence of deposit issued by the defaulting warehouseman, to file their claims with the receiver. The receiver shall investigate each claim, determine the pro rata share of commodities less set-offs, or the proceeds from the sale of such commodities, due each claimant. The receiver shall also determine the amount, if any, due each claimant by the surety. The court, after hearing, may adopt or amend the findings of the receiver and shall by order, make distribution of commodities or the proceeds from the sale of commodities. The court by order may also require the surety to make payment to claimants. Such orders, unless appealed as otherwise authorized by law, are to be a final settlement of such matters between the parties concerned. The receiver is authorized, with the approval of the court, to continue the operation of all or any part of the entire business of the warehouseman and to take any other course of action or pro-
procedure which will best serve the interest of the depositors or those who need and use the services offered by the licensee and the warehouse.

Sec. 37. (1) If no action is commenced pursuant to section 36 of this act within thirty days after written demand to the department, any depositor injured by the failure of a licensee to comply with the condition of his bond shall have a right of action upon such licensee's bond for the recovery of all damages suffered thereby.

(2) Recovery under such bond shall be prorated when the claims exceed the liability under such bond.

(3) Whenever the claimed shortage exceeds the amount of such bond, it shall not be necessary for any depositors suing on such bond to join other depositors in such suit and the burden of establishing proration shall be on the surety as a matter of defense.

Sec. 38. The department may designate a warehouse located at an inspection point as a terminal warehouse. The cities of Spokane, Pasco, Seattle, Tacoma, Longview, Kalama, and Vancouver shall be considered inspection points and shall be provided with state inspection and weighing commencing July 1, 1963: Provided, That were the department after hearing determines that such cities are no longer necessary as inspection points it may by regulation change such designated inspection points by removing one or more or by designating other locations as inspection points where commodities are received and shipped by common carrier and which reasonably justify and render necessary the inspection and weighing thereof: Provided further, That the revenue from inspection and weighing at such inspection points shall equal the cost of providing such services.
SEC. 39. The grades and standards established by the United States department of agriculture as of July 1, 1963, for all commodities included within the provisions of this act are hereby adopted as the grades and standards for such commodities in this state: Provided, That the department is hereby authorized to adopt by regulation any new or future amendments to such federal grades and standards. The department is also authorized to issue regulations whether or not in accordance with the federal government and to prescribe therein grades and standards which it may deem suitable for such commodities, except hops, in the state of Washington. In adopting any new or amendatory regulations the department shall give appropriate consideration, among other relevant factors, to the following:

1. The usefulness of uniform federal and state grades;
2. The common classifications given such commodities within the industry;
3. The utility of various grades;
4. The kind and type of grades requested by those dealing with the particular type of commodity; and
5. The condition of the commodity with regard to its wholesomeness and purity.

SEC. 40. Inspection and grading of a lot or parcel of a commodity tendered for inspection and grading under this act shall consist of taking and examining a representative sample thereof and making such tests as are necessary to determine its grade. Commodities tendered for inspection must be offered and made accessible for sampling at inspection points during customary business hours.

1. No inspector shall issue a certificate of grade for any commodity unless the inspection and grading thereof be based upon a correct and representative sample of the commodity and the inspection is
made under conditions which permit the determination of its true grade, except as provided in subsections (2) and (3) of this section. No sample shall be deemed to be representative unless it is of the size and procured in accordance with the uniform methods prescribed by the department.

(2) An inspection may be made of a submitted sample or package of a commodity, provided that the certificate issued in such case clearly shows that the inspection and grading covers only the submitted sample or package of such commodity and not the lot from which it was purportedly drawn.

(3) When commodities are tendered for inspection in such a manner as to make the drawing of a representative sample impossible, a qualified inspection may be made. In such case the certificate shall clearly show the condition preventing proper sampling such as heavily loaded box car, truck, barge, or other container, or other condition.

Sec. 41. From all commodities inspected, samples may be drawn, which samples shall become the property of the state and subject to disposition by the department. Upon prior request the department may transmit a portion of such samples to interested persons upon payment of a reasonable fee therefor set by regulation. Official state samples shall be retained for a period of fifteen days.

Sec. 42. The department's inspectors shall, at terminal warehouses, have exclusive control of the weighing, inspecting, and grading of the commodities which are included within the provisions of this act and the action and certificates of such inspectors in the discharge of their duties, as to all commodities weighed or inspected by them, shall be accepted as prima facie evidence of the correctness of the above activity: Provided, That an appeal may be taken as provided in section 45 of this act, to the director
of the department. Suitable books and records shall be kept in which shall be entered a record of every carload, or cargo, or part of cargo of commodities inspected or weighed by them, showing the number and initial or other designation of the vehicle or boat containing such carload, or cargo, or part of cargo, its weight, the kind of commodity, and its grade, the reason for such grade, if of inferior grade, the amount of such dockage, the amount of fees and forfeitures and disposition of same; and for each vehicle or cargo, or part of cargo, of commodity inspected, they shall give a certificate of inspection showing the kind and grade of the same and the reason for all grades established. They shall also keep a record of all appeals, decisions, and a complete record of every official act, which books and records shall be open to inspection by any party in interest. They shall also furnish the agent of the railroad company, or other carrier over which such commodity was shipped or carried, a report showing the weight thereof, if requested to do so.

Sec. 43. No inspection shall be made of any commodity which is to be loaded into a vessel, vehicle, or other container, if it appears that the hold, compartment, or other enclosure into which the commodity is to be loaded is in such condition as to contaminate the commodity or lower the grade.

Sec. 44. Any department employee who shall, directly or indirectly, accept any money or other consideration for any neglect of duty or any improper performance of duty as such department employee; or any person who shall knowingly cause or attempt to cause the issuance of a false or incorrect grade or weight certificate under this act by deceptive loading, handling, or sampling of commodities or by submitting commodities for inspection knowing that it has been so loaded, handled, or sampled, or by
any other means; shall be deemed guilty of a misdemeanor.

Sec. 45. (1) In case any owner, consignee, or shipper of any commodity included under the provisions of this act, or his agent or broker, or any warehouseman shall be aggrieved at the grading of such commodity, such aggrieved person may appeal to the department from such decision within fifteen days from the date of certificate by giving notice of appeal, and paying a fee to be fixed by the department, not exceeding twenty dollars, which shall be retained if the decision appealed is sustained, otherwise to be refunded. Such notice of appeal may be given by a letter or other written notice to the department stating the inspector's name, number of the certificate, date of inspection, and that such party appeals from such decision concerning such grade.

(2) It shall be the duty of the department upon receiving such notice of appeal to hold a hearing within twenty days and inquire into the reasonableness and correctness of such original grading and such evidence shall be received as the parties thereto may desire to offer. After such hearing the director of the department shall make such order affirming or modifying the grade so established by the inspector as the facts may justify.

(3) If the grading of any commodity for which federal standards have been fixed and the same adopted as official state standards has not been the subject of a hearing, in accordance with subsection (2) of this section, any interested party who is aggrieved with the grading of such commodity, may, with the approval of the secretary of the United States department of agriculture, appeal to the federal grain supervisor of the supervision district in which the state of Washington may be located. Such federal grain supervisor shall confer with the department inspectors and any other interested party.
and shall make such tests as he may deem necessary to determine the correct grade of the commodity in question. Such federal grade certificate shall be prima facie evidence of the correct grade of the commodity in any court in the state of Washington.

Sec. 46. (1) The department shall fix the fees for inspection, grading, and weighing of the commodities included under the provisions of this act, which fees shall be sufficient to cover the cost of such service. The fees for inspection, weighing, and grading of such commodities shall be a lien upon the commodity so weighed, graded, or inspected which the department may require to be paid by the carrier or agent transporting the same and treated by it as an advanced charge, except when the bill of lading contains the notation "not for terminal weight and grade," and the commodity is not unloaded at a terminal warehouse.

(2) The department is authorized to make any tests relating to grade or quality of commodities covered by his act. The department may inspect and approve facilities and vessels to be used in transporting such commodities and provide any other necessary services. It may fix and charge a reasonable fee to be collected from the person or his agent requesting such service.

(3) The department shall so adjust the fees to be collected under this act as to meet the expenses necessary to carry out the provisions hereof, and may prescribe a different scale of fees for different localities. The department may also prescribe a reasonable charge for service performed at places other than terminal warehouses in addition to the regular fees when necessary to avoid rendering the services at a loss to the state.

Sec. 47. If any terminal warehouse at inspection points is provided with proper scales and weighing
facilities, the department may weigh the commodity upon the scales so provided. The department at least once each year shall cause to be examined, tested, and corrected, all scales used in weighing commodities in any of the cities designated as inspection points in this act or such places as may be hereinafter designated, and after such scale is tested, if found to be correct and in good condition, to seal the weights with a seal provided for that purpose and issue to the owner or proprietor a certificate authorizing the use of such scales for weighing commodities for the ensuing year, unless sooner revoked by the department. If such scales be found to be inaccurate or unfit for use, the department shall notify the party operating or using them, and the party thus notified shall, at his own expense, thoroughly repair the same before attempting to use them and until thus repaired or modified to the satisfaction of the department the certificate of such party shall be suspended or revoked at the discretion of the department. The party receiving such certificate shall pay to the department a reasonable fee for such inspection and certificate to be fixed by the department. It shall be the duty of the department to see that the provisions of this section are strictly enforced.

Sec. 48. In case any commodity under the provisions of this act is sold for delivery on Washington grade to be shipped to or from places not provided with state inspection under this act, the buyer, seller, or persons making delivery may have it inspected by notifying the department or its inspectors, whose duty it shall be to have such commodity inspected, and after it is inspected, to issue to the buyer, seller, or person delivering it, without undue delay, a certificate showing the grade of such commodity. The person or persons, or his agent, calling for such in-
spection shall pay for such inspection a reasonable fee to be fixed by the department.

Sec. 49. When commodities are shipped to points where inspection is provided and the bill of lading does not contain the notation “not for terminal weight and grade” and the commodity is unloaded by or on account of the consignee or his assignee without being inspected or weighed by a duly authorized inspector under the provisions of this act, the shipper's weight and grade shall be conclusive and final and shall be the weight and grade upon which settlement shall be made with the seller, and the consignee or his assignee, by whom such commodities are so unlawfully unloaded shall be liable to the seller thereof for liquidated damages in an amount equal to ten percent of the sale price of such commodities computed on the basis of the shipper's weight and grade.

Sec. 50. (1) All moneys collected as warehouse license fees, fees for weighing, grading, and inspecting commodities and all other fees collected under the provisions of this act, except as provided in subsection (2) of this section, shall be paid into the grain and hay inspection fund in the state treasury which is hereby established. Such fund shall be used for administrative expenses under this act and for the enforcement of all the provisions thereof. The department may use so much of such fund not exceeding five percent thereof as the director of agriculture may determine necessary for research and promotional work, including rate studies, relating to wheat and wheat products.

(2) All fees collected for the inspection, grading, and testing of hops shall be deposited into the hop inspection fund, which is hereby established, and shall be retained by the department for the purpose of inspecting, grading, and testing hops. Any moneys
in any fund retained by the department on the effective date of this act and derived from hop inspection and grading shall be deposited to this hop inspection fund. For the purposes of research which would contribute to the development of superior hop varieties and to improve hop production and harvest practices, the department may expend up to twenty percent of the moneys deposited in the hop inspection fund during the fiscal year ending June 30th immediately preceding the year in which such expenditures are to be made. No expenditures shall be made under the provisions of this subsection when the hop inspection fund is, or the director may reasonably anticipate that it will be, reduced below twenty thousand dollars as the result of such expenditure or other necessary expenditures made to carry out the inspection, grading, and testing of hops.

Sec. 51. All moneys in the grain and hay inspection fund as provided for in section 13, chapter 189, Laws of 1919, as amended (RCW 22.08.090) are hereby transferred to the account created under this act.

Sec. 52. Whenever any commodity shall be delivered to a warehouse under this act, and the warehouse receipt issued therefor provides for the return of a like amount of like kind, grade, and class to the holder thereof, such delivery shall be a bailment and not a sale of the commodity so delivered. In no case shall such commodities be liable to seizure upon process of any court in an action against such bailee, except action by the legal holder of the warehouse receipt to enforce the terms thereof. Such commodities, in the event of failure or insolvency of such bailee, shall be applied exclusively to the redemption of such outstanding warehouse receipts and scale weight tickets covering commodities so stored with such bailee. The commodities on hand in any warehouse or warehouses with a particular license,
as provided in section 3 of this act, shall be applied to the redemption and satisfaction of warehouse receipts and scale weight tickets which were issued pursuant to the particular license. Commodities in special piles or special bins shall be applied exclusively against the warehouse receipts or scale weight tickets issued therefor.

Sec. 53. It shall be unlawful to ship commodities in closed conveyances which have been fumigated without labeling such railroad car, vehicle, or other conveyance to show that it has been fumigated. The label shall show the type of fumigant used and the date of application.

Sec. 54. The director may bring an action in the name of the state to temporarily and/or permanently enjoin the violation of any provision of this act or any rule adopted pursuant to this act in the superior court in the county in which such violation occurs notwithstanding the existence of any other remedy at law.

Sec. 55. The director may cooperate with and enter into agreements with governmental agencies of this state, other states, agencies of the federal government, and private associations in order to carry out the purpose and provisions of this act and the United States Warehouse Act (7 USCA § 241 et seq.).

Sec. 56. The repeal of chapter 22.08 RCW and the enactment of this act shall not be deemed to have repealed any rules adopted under the provisions of chapter 22.08 RCW and in effect immediately prior to such repeal and not inconsistent with the provisions of this act. For the purpose of this act it shall be deemed that such rules have been adopted under the provisions of this act pursuant to the provisions of chapter 34.04 RCW concerning the adoption of rules.
Sec. 57. The enactment of this act shall not have the effect of terminating, or in any way modifying any liability, civil or criminal, which shall already be in existence on July 1, 1963.

Sec. 58. A violation of any provision or section of this act, where no other penalty is provided for, and the violation of any rule or regulation adopted hereunder shall constitute a misdemeanor.

Sec. 59. Nothing herein contained, with the exception of section 29 (1) (b), shall be deemed to repeal, amend, or modify the Uniform Warehouse Receipts Act (chapter 22.04 RCW).

Sec. 60. The effective date of this act shall be July 1, 1963.

Sec. 61. If any section, sentence, clause, or part of this act is for any reason held to be unconstitutional, such decision shall not affect the remaining portions of this act. The legislature hereby declares that it would have passed this act and each section, sentence, clause, and part thereof despite the fact that one or more sections, clauses, sentences, or parts thereof be declared unconstitutional.

Sec. 62. The following acts or parts of acts and RCW chapters are hereby repealed:

(1) (a) Sections 2, 5, 9, 10, 30, and 40, chapter 109, Laws of 1895;

(b) Sections 1, 5 through 7, 9 through 14, 16, 20 through 22, 24, 29, 30 and 31, chapter 137, Laws of 1909;

(c) Sections 1, 2, 6 through 23, and 25 through 31, chapter 91, Laws of 1911;

(d) Chapter 170, Laws of 1915;

(e) Sections 1, 2, 6 through 23, 25 through 33 and 35, chapter 189, Laws of 1919;

(f) Chapter 74, Laws of 1921;

(g) Section 1, chapter 137, Laws of 1921;
(h) Chapter 144, Laws of 1921;
(i) Sections 2, 3, 6 and 7, chapter 145, Laws of 1921;
(j) Section 4, chapter 154, Laws of 1921;
(k) Chapter 48, Laws of 1923;
(l) Section 8, chapter 123, Laws of 1923;
(m) Chapter 146, Laws of 1923;
(n) Sections 2 through 5, chapter 46, Laws of 1931;
(o) Section 1, chapter 186, Laws of 1933;
(p) Section 1, chapter 25, Laws of 1933 extraordinary session;
(q) Chapter 157, Laws of 1935;
(r) Sections 1 through 9 and 12, chapter 90, Laws of 1937;
(s) Chapter 103, Laws of 1947;
(t) Chapter 171, Laws of 1951;
(u) Chapter 149, Laws of 1953;
(v) Chapter 164, Laws of 1955;
(w) Section 1, chapter 300, Laws of 1955;
(x) Chapter 315, Laws of 1955;
(y) Sections 2 and 3, chapter 388, Laws of 1955;
and

(2) (a) Chapter 22.01 RCW;
(b) Chapter 22.08 RCW;
(c) Chapter 22.12 RCW;
(d) Chapter 22.14 RCW.

Passed the House March 13, 1963.
Passed the Senate March 12, 1963.
Approved by the Governor March 25, 1963.