

Beef Research and Information Act Public Law 94-294

Cattlemen across this nation have determined that there is a great need for more research and more public information in behalf of the beef industry. Leaders in the various phases of the industry, individually and through their various existing organizations, have developed the groundwork and the ideas on how they can assess themselves at the point of cattle sales and use the moneys so obtained to improve the volume and quality of research and the information available to the public concerning beef. They have secured enabling legislation through Congress known as The Beef Research and Information Act - Public Law 94-294- signed by President Ford on May 28, 1976. This legislation is the result of nearly two years' work on the part of cattle producers, producer organizations and Congress. The act "enables" the beef industry to proceed through the several steps required to develop the organization, hold a producer referendum, establish a beef board and put the program in operation. The following sets out the essential steps that must be successfully completed before the program can become a reality.

Beef Research and Information Act Public Law 94-294

The Act

An Act to enable cattle producers to establish, finance, and carry out a coordinated program of research, producer and consumer information, and promotion to improve, maintain and develop markets for cattle, beef and beef products.—Signed by the President, May 28, 1976.

Provisions of the Act in Brief

The act gives the Secretary of Agriculture responsibility for determining if an order permitting cattle producers to establish, finance and operate a program to accomplish those objectives set forth in the Act should be established. The act in itself is enabling legislation. Before the provisions of the act become an effective operating program, the following steps must take place:

1. An **order** prepared setting forth in considerable detail how the program is to be organized and carried out. It is a set of rules to guide the program. The term **order** is not to be confused with a market order, which involves production controls, pricing and other items of this nature. In this case the **order** authorizes a Beef Board,

composed of producers, with the power to collect assessments on the sales of cattle and to use the funds so collected for beef research and information activities.

Such an order has been prepared by the Beef Task Force, the producer-oriented group that guided through Congress the legislation setting up the Beef Research and Information Act. Presently, this order is considered to be in draft form and is subject to modifications if the evidence justifies.

2. **Hearings.** To give interested individuals or groups an opportunity to express their views on the order, a number of hearings are being held at strategic locations around the country. These hearings are in process at this time on the following schedule:

Dallas	—	September 14
Pittsburgh	—	September 28
Atlanta	—	September 30
Denver	—	October 5
San Francisco	—	October 7
Des Moines	—	October 12

There will also be an opportunity to submit briefs and other evidence or testimony following these hearings. Following these events the total evidence will be evaluated by the secretary, and the revised order published for public comment. The final order will be the proposition on which cattle producers will vote in a referendum.

3. **Referendum.** The law requires that provisions be made for cattle producers to register at least 10 days prior to the period for voting. The registration and voting is to be conducted by the County A.S.C.S. offices. For the purpose of this vote a producer is defined as a person, partnership or corporation that has engaged in the production of cattle at any time during the preceding twelve-month period. For the referendum to carry, at least 50 percent of those preregistered must vote, and $\frac{2}{3}$ of those voting must favor the order. This is a nationwide program, thus the above percentages apply on a nationwide basis. It is now estimated that the referendum will be held in late spring, 1977.

4. **Establishment of the Beef Board.** Assuming producers voting in the referendum approve the order, steps will be taken immediately to establish the Beef Board which will implement the provisions of the act. The board is to consist of not more than 68 members, each to have an alternate. This board is to be composed of cattle producers, appointed by the secretary from nominations

submitted by eligible producer groups which have been previously certified by the secretary. Representation on the Beef Board is roughly proportional to cattle production in each state or geographic area and has been established by the secretary. Oklahoma production justifies three members on the Beef Board.

The act provides for the Beef Board to have only the powers 1) to administer the order in accordance with its terms and provisions, 2) to make rules and regulations to effectuate the terms and provisions of the order, 3) to receive, investigate and report to the secretary complaints of violations of the said order, 4) to recommend to the secretary amendments to such order.

5. **Regulations.** One of the first items to be handled by the Beef Board, after they organize themselves, is to prepare a book of regulations covering the details of the operations of the program.

In brief terms, the total sequence of events involves:

1. An enabling **act** passed by Congress.
2. An **order** setting forth in more detail provisions of the **act**, written by the Beef task Force.
3. A **referendum** in which producers vote on the **order**.
4. **Establishment** of a **Beef Board** by the Secretary of Agriculture.
5. **Preparation** of **regulations** spelling out in detail how the program is to be operated.
6. **Implementation** of the **order** and the **regulations** and initiation of collections.

Basis for Collections.

The collections are to be based on a value added concept at the rate of 0.3 percent of the sale price of the animal (as a decimal 0.003). In each transaction where there is a transfer of ownership of cattle, the seller shall pay to the buyer and each buyer shall collect from each seller an assessment based on the value of the cattle involved in the transaction. These assessments accumulate with each transaction, based on the value added by each owner up to slaughter. The slaughterer remits to the beef board an amount equal to .3 percent of the purchase price of the animals he slaughters.

Example	Seller's Contribution	Seller's Check
A cow-calf producer sells a calf to a stocker operator for \$100 (\$100 x .003)	\$0.30	\$ 99.70
Stocker operator sells to a feeder the resulting yearling for \$200 (\$100 added value x .003)	\$0.30	\$199.40
Feeder sells a finished steer to a packer for \$400 (\$200 added value x .003)	\$0.60	\$398.80

The total contribution to the Beef Board is \$1.20 with 30¢ from the cow-calf man, 30¢ from the stocker operator and 60¢ from the feeder. Each segment contributed 0.3 percent of the value added to the animal while in his possession. The collections are made at the point of slaughter by the slaughterer and forwarded to the board. The slaughterer's contribution to the program is his efforts and expense in keeping the records and turning over the contributions to the board. He does not contribute on the basis of the value he added to the beef.

It is estimated that this program will raise 30 to 40 million dollars which the Beef Board will use in carrying out the intent of the act.

The above is a brief of the provisions of the Beef Research and Information Act. Much more detail is available in the act and the order. The operational details will appear in the regulations prepared by the Beef Board.

Questions Frequently Asked about the Beef Research and Information Act

Who developed the Beef Research and Information Act?

This plan was developed by the Beef Development Taskforce (BDT)—an industry-wide committee with representatives from the American National Cattlemen's Association, National Livestock Feeders Association, National Live Stock and Meat Board, United Dairy Industry Association, Livestock Marketing Association, Central Public Markets and American National CowBelles.

Who is supporting this plan?

Most beef and dairy organizations have endorsed it—a total of 11 national organizations, plus 10 national breed associations, 15 state beef councils and 45 state cattlemen's associations. Never has there been a program or an issue that had such wide support of cattlemen.

What is the objective?

It is designed as a self-help plan under which producers can raise funds for beef research, consumer and producer information, promotion and market development programs. The ultimate goal, of course, is more profit for producers, plus better products and more stable supplies for consumers.

How much money will it raise?

It is estimated that the program will raise \$30 million to \$40 million a year, based on a collection rate of 0.3 percent of sales value. At present, the entire beef industry—the largest segment of U.S. agriculture—is spending only about \$3 million on promotion, education and nutrition research, which amounts to only 1/66 of 1 percent of cash receipts.

Why do we need a law to get this job done?

Some states now have checkoff programs but they are not uniform. This is an attempt to get a uniform collection so every beef producer pays his fair share. Furthermore, beef is a national commodity and a national program is needed to reach the masses of consumers in the big population centers.

For what will the money be spent?

This will be a decision for the Beef Board, to be comprised of beef industry leaders. Initially, they probably will draw on recommendations made in the "white papers," prepared for the BDT by authorities throughout the country. But in the future, they undoubtedly will seek professional counsel and meet problems as they arise or as they are anticipated. The BDT visualizes that approximately 60 percent should be spent on promotion (consumer information and education programs), 30 percent on research and 10 percent on foreign market development. But again, this is a decision for the beef board.

Will any of the money be used for lobbying?

Absolutely not. The law prohibits any of these funds being used to influence legislation.

How will the program help small producers?

A long-range program aimed at increasing and improving all facets of beef market development—promotion, education and research—should be of equal benefit to all producers in ratio to their involvement in cattle production.

Can we be assured that funds will be properly managed and well handled?

The Beef Board (cattlemen) will have the ultimate responsibility. The board will need to employ the best available professional staff as they will have direct responsibility for managing and handling the funds.

Why is a 68-member beef board needed?

Although it will be a rather large board, we have a large and diverse industry. The BDT concluded that each major beef state (with 500,000 head or more) was entitled to a member on the board. In addition, we felt the larger beef states, which will be contributing the most in assessments, were entitled to more representation—one additional member for each additional 2.5 million head of cattle. The board will select from among its members an executive committee to hire a staff and conduct routine business within the policies of the board.

Will the program be run by the government or the Secretary of Agriculture?

No. According to the bill, only the beef board has authority to develop programs and enter into contracts. The secretary has the authority of approval only. His responsibility is to see that the program is run by cattle producers in the manner and for the purposes spelled out in the act.

Could the Secretary of Agriculture appoint people of his own choosing to the beef board and thereby control the program?

No way. The bill states that the board shall be composed of cattle producers appointed by the secretary from nominations submitted by eligible organizations of cattle producers. The secretary is not authorized to make appointments from any other source.

Could organizations, which might not work to the best interests of the program, monopolize or dictate the appointment of members to the Beef Board?

Not likely. The eligibility of organizations which might nominate board members is spelled out in the act, including such factors as nature and size of the organization's active membership, proportion of total membership that are cattlemen, evidence of stability and permanency, ability and willingness to further the aims of the act, etc. If more than one organization in a state is eligible to nominate, they may caucus to nominate members and alternates for the board.

Will cow-calf men end up paying most of the cost?

Definitely not. The value-added plan was designed so that the cow-calf man, stocker operator, feeder—anyone who owns the animal—will pay his fair share, based on the value that he adds. This plan has been analyzed by accountants, as well as cattlemen, who say it is fair and workable.

How will breeding cattle be assessed?

Because breeding animals usually are worth more when young than when slaughtered, they do not fit the value-added concept. Therefore, the Beef Board may adjust the assessment on breeding animals (until time of slaughter) to reflect commercial market value. Of course, breeding animals will be assessed at slaughter like commercial cattle.

Will meat packers pay assessments?

No. The packers' sole contribution the program will be collecting and remitting the funds to the board. This is a producers' self-help program—financed by producers and administered by producers.

Why not assess imported beef?

If foreign beef producers were assessed, they would be entitled to seats on the beef board to which most U.S. producers would object. Also, beef imports is a political issue and this program, by law, cannot involve politics.

Will farmers be assessed if they have a calf slaughtered at a locker plant and take the meat home?

If it is a calf of his own production (if there has been no sales transaction), there will be no assessment. But if someone purchases a calf and has it slaughtered, the slaughterer must collect and remit an assessment based on value of the transaction or on fair market value.

Why is the rate of assessment not spelled out in the act?

The act is enabling legislation which authorizes the Secretary of Agriculture to conduct a referendum to determine if beef producers want a beef development plan. First, however, the secretary must publish an order and conduct hearings on it. The rate of assessment is published in the order and it is the order on which producers vote. The initial rate recommended by BDT is 0.3 percent, which is 30 cents per \$100 and which will raise \$30 million to \$40 million a year.

Will money automatically go to the National Live Stock and Meat Board?

No. The Beef Board, comprised of cattlemen, will determine which organizations to contract with. Anything spent with the Meat Board, the National Dairy Council or any other organization would be on a contract basis, subject to change or renewal by the Beef Board.

What effect will this program have on the Meat Board?

The BDT believes this will greatly strengthen the Meat Board or the Beef Industry Council (BIC) of the Meat Board. Reason is that the Beef Board must contract with other organizations and the BIC is the only existing beef

organization with the experience and expertise to carry out our promotion and education objectives. Members of the Meat Board agree as they have endorsed and enthusiastically support this program.

Will dairy organizations qualify as contracting organizations?

Yes, if their program furthers the intent of the Act. About 20 percent of the beef in the U.S. comes from dairy animals.

What effect will this have on state councils?

The act specifies that this program shall not interfere with any existing state beef board or beef council. Up to 10 percent of net assessments (the total calculated assessments less refunds) from each state will be returned to the qualifying state beef council. This will be in addition to the present state collection, if the state beef council wishes to continue collections. Most states now send a portion of their present collections to the Meat Board, which no longer will be necessary. In addition, some state beef councils should qualify as a contracting organization (for additional funds) for specific programs in their states. Therefore, this plan should strengthen most state programs.

Will a producer's wife or children be allowed to vote in the referendum?

If the cattle are joint property, there will be one vote per family and either the man or wife may vote. The same applies to a corporation or partnership—one vote per producing entity.

How can consumers benefit from such a program?

This program will benefit consumers, as well as producers, in many ways. To name a few: increased efficiencies through market and product research; improved consumer information and education (better know-how in the economics and purchasing knowledge of beef, resulting in savings for the consumer); research in nutrition and health; etc. The success of the program will be in direct proportion to the help that it affords consumers, because informed and happy consumers are vital to the beef industry.

Can a producer get his money back?

Yes, simply by writing to the Beef Board and supplying evidence of how much he paid in assessments.

If producers grow unhappy with the program, can they terminate it?

Yes, upon request of 10 percent of the number of voters in the initial referendum, the secretary must conduct another referendum; then he must terminate the order if a majority of those voting favor termination.