

My name is Scott Shively and I live in Towner, N.D. and manage a herd of seed stock Angus at Pleasant Lake, ND and have for 50 years. My grandchildren are the 6th generation of my family to raise Angus cattle. Today I am testifying on House Bill #1487 hoping to help it pass. I will give you a little history on my participation in the Beef Checkoffs.

1. I voted for the Beef Checkoff in the 80s believing it was in my best interest as a beef producer and believing that it was shielded from politics
2. By the year 2000 after seeing most of the potential good diminished and the promises made being broken I have been a vocal opponent of the Beef Checkoffs.
3. When the N.D. dollar was passed I was opposed and felt as though it was imposed on ND cattlemen without our having a say. I knew in 2015 the NDBC was sending money directly to NCBA and I knew this practice would only grow.
4. There is a petition to get an up or down vote on the Federal part of the program and myself and my family have signed the petition and will vote down the program if given the chance. I believe that program should be made voluntary.
5. I believe the ND check off should also become voluntary.

There is not enough time to go through will all my problems with the existing checkoffs but I will attempt to explain my frustration is a little different way:

Let's suppose that N.D. Republicans like most of you on this committee are were forced to send your campaign funds to the ND Democratic NPL for management. Not only is control of how your moneys are spent ceded to the Dem-NPL you are forced by the rules to pay 70 percent of the salaries to the Dem-NPL's staff as well as other operating expenses like the lights, heat, travel and other expenses. After that the Dem-NPL could decide how to best promote the Republican candidates and take 40 percent of the money as overhead for each campaign they approved. Built into the system would be a certain amount of money for the Dem-NPL to do studies that back up what a good job they are doing for the Republicans. Along with this radio, television and print self promotion of the value of the Dem- DFL system for Republicans would be part of the arrangement.

My friends on this committee make no mistake that ND cattlemen, US Cattlemen are forced into a system that operates much like the system I just described. Both the US Beef Checkoff (50% CBB 50% NDBC) and the ND Beef Checkoff are entangled in this unfair system. The gross unfairness of the checkoffs is that the political beneficiary and major player in spending the Beef Checkoffs is the National Cattlemen's Beef Association or NCBA as most of us know it. NCBA is a political group. To top it all off an entity of the NCBA, the Federation of State Beef Councils operates within the NCBA without any corporate transparency or accountability. A big chunk of ND Checkoff money goes there. Further the Federation is a pay to play system with states buying seats on the boards and

committees. The Beef Promotion Operating Committee within the Cattlemen's Beef Board that makes the decisions about check off spending is comprised of 10 members from within CBB and ten members from the Federation.

Make no mistake about it NCBA is a political group. I would argue as would many of US cattlemen that NCBA represents the packers and their interest above those of cattlemen. How can you represent both cattlemen and the packers who are stealing our cattle. I will tell you what ND and US cattlemen want: labeling-we want labeling as to origin, if we can differentiate our product then we can fairly promote it, we want the packer monopolies and price fixing practices examined and we want relief, we want some controls on imports for economic and health reasons and we want competition to be restored to our industry. NCBA has failed on all of these accounts instead choosing that cattlemen become welfare recipients of national programs. These programs will ultimately favor bigger producers over small and eliminate family farms and ranches. What does the ND Beef Checkoff have to do with NCBA. NCBA has been the largest beneficiary of the checkoff. The North Dakota Beef Council sent 100,000 plus dollars to NCBA-Federation in 2015 which has steadily increased with this new checkoff funding to well over 700,000 dollars in 2020.

I was not here in 2015 when the ND Check off was created but I was told that one of the commitments of the proponents was to not allow any of the money into NCBA hands. I believe that by statute the ND Beef Commission would have the same fiduciary responsibility to the state dollar that it has to the 50% it controls of the federal program. I believe that it is limited to the same purposes as the federal dollar those being promotion, education and research.

I am not going to spend a lot of time on where I think the NDBC has failed or done well. The fact is the accounting is unclear and confusing. We know they have given money to NCBA and the Federation. A Federation report from 2018 shows that the Federation received over a half a million from the NDBC. In a Jan 2021 phone call NCBC Chairman Weston Dvorak admitted he had reservations about the Federation and it's schemes. There is a playbook of NCBA, CBB, and Beef Check off talking points that will refute some of the things critics of the check off might say for instance the 39% overhead for NCBA is allowed for expenses in their promotions is rounded off to 9% in their talking points . They talk about a 14 dollars return for every dollar invested in the Beef Checkoff. Seventy thousand dollars of checkoff money paid for that ridiculous study. The study was what I call a partial. They factored in the value of exports and left out the costs of imports. Actually the terminology is 14 dollars for every extra dollar invested whatever that means. And of course the 70% of salaries and expenses for NCBA staff is something they will not want to talk about.

Perhaps the greatest reason to dump the current systems is that NCBA and our Beef Checkoffs have joined forces with anti animal agriculture, extreme environmentalist, extreme animal rights and extreme dietary control groups to roundtable in support of things like fake meat and taking animals of the land. Our checkoff- the ND dollar has funded the US Roundtable for Sustainable Beef and the Global Roundtable for Sustainable Beef. These organizations pretend to have society, the earth and us stupid ranchers as things they care about. One of the prerequisites of being a member of these roundtables is that the corporations obey the laws. Tyson and JBS just admitted to price fixing and they are still welcome. NCBA admits to the anti animal agriculture agendas of this group but

justifies their and the Beef Checkoff's joining with them as keeping an eye on the enemies.

NCBA has taken our check off and built a state of the art spy center (war room) in their headquarters to keep an eye on the enemies of beef. Buloney- they are spying on the critics of the check off and NCBA and wasting our money doing it.

We were promised in these check offs transparency, accountability as well as an always present firewall between the check offs and politics. We have recieved none of those things. Read the transcripts and testimonies from 2015 when this check off was passed. This was a dollar – just another dollar but this one to benefit ND cattlemen. I am sorry but that is not the case. The only conclusion I can arrive at is that this dollar and the system it benefits are an elaborate money laundering scheme that has sucked up much of the check off to the detriment of farmers and ranchers in ND.

My testimony may seem like it is about everything but this bill and this dollar checkoff. I am sorry but this simple little thing is very complicated. The powers to be designed it that way so we wouldn't know what they were doing with our money. It is our checkoff. The checkoff belongs to cattlemen but the very people we entrust to wisely use and invest these dollars just keep handing them over to NCBA. It is time to make both of these checkoffs voluntary and responsible to cattlemen instead of political groups. That is the only fair thing to do.

Attention Cattle Producers!

HB 1487 will make North Dakota's state beef checkoff voluntary. Why should cattle producers support HB 1487?

Fact: The state beef checkoff was enacted by legislators in 2015. That year, the North Dakota Beef Commission submitted \$142,906 to NCBA, slightly more than the commission sent to NCBA the year prior.

Fact: In 2016, the commission sent \$217,445 - a 52% increase in contributions to NCBA over 2015.

Fact: In 2017, commissioners sent \$385,266 — a 44% increase in North Dakota checkoff money sent to NCBA.

Fact: In 2018, the beef commission delivered \$334,315 to NCBA. (A 13% reduction.)

Fact: In 2019, the North Dakota Beef Commission delivered \$501,703 to NCBA — a 50% increase over the prior year.

Fact: In 2020, the North Dakota sent a staggering \$738,648 to NCBA — representing a **416% increase** in North Dakota checkoff funding being sent to NCBA over 2015, when the state checkoff was enacted.

(Data collected from NCBA annual reports available online at

www.ncba.org/federationannualreport.aspx. You can check the figures yourself.)

Fact: The state checkoff money state beef councils send directly to NCBA circumvents the Cattlemen's Beef Board and the Beef Promotion Operating Committee, established under the Beef Research and Promotion Act. This means NCBA alone is free to determine how the money will be used to research and promote beef.

Fact: NCBA has a long history of fighting country of origin labeling (COOL). In 2013, NCBA joined eight other groups — Canadian, Mexican, and the packing industry — suing USDA over its implementation of the COOL rule for beef and pork declaring before the U.S. District Court in D.C. that “**beef is beef, whether the steer or heifer was born in Montana, Manitoba, or Mazatlan.**” (Reference: ecf.dcd.uscourts.gov Civ Action No 13-CV-1033 KBJ)

Fact: The beef checkoff foots the bill for 70% of NCBA's overhead expenses.

Question: Are North Dakota cattle producers better off today than you were five years ago when the North Dakota Legislature implemented the \$1 per head state checkoff?

That's why ranchers need to make contact with Ag Committee members immediately and tell them you want to be able to choose whether to contribute rather than being forced by state lawmakers to do so. There's no time to waste.

With about 5 minutes of work you can go to ND.Legislature.gov and track down phone # and an email for you legislators. These guys assume we are all represented by NDSA because they have told them that. Last year calves were worth about 40 or 50 dollars or more less than the year before this year subtract another 50 or 60 dollars. The obvious is that this system is not working and we need to change what we do and who we have represent us SCOTT SHIVELY

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