

North Dakota Stockmen's Association
Testimony to the
House Agriculture Committee on HB 1487
Feb. 5, 2021

Good morning, Chairman Johnson and members of the House Agriculture Committee. For the record, my name is Jeff Schafer and I am the president of the North Dakota Stockmen's Association. The Stockmen's Association is a 91-year-old beef cattle trade organization representing approximately 3,000 North Dakota cattle-ranching families across the state.

I appear here this morning in opposition to HB 1487. While seemingly a simple change, the bill has the potential to severely hamper producers' beef promotion, research and education program. Independent research indicates overwhelming support for the beef checkoff – and for good reason. Its programs have helped grow domestic and foreign demand for our product and add value to the pocketbooks of producers like me.

The state beef checkoff, like all other state commodity checkoff programs, is producers' self-funded promotion program, directed by grassroots producers themselves. The \$1 per head collected at the time of sale is pooled together for investment in efforts we, as individuals, could not be successful at alone – whether it is helping shape the Dietary Guidelines to include beef, scientifically combatting commonly held myths about cattle's role in the environment or identifying new beef cuts that fit the palate and pocketbooks of many different consumers.

North Dakota's beef checkoff was designed to be consistent with all other commodity checkoffs here in North Dakota. Those programs, without exception, require the checkoff to be paid, but allow for a 100 percent refund for those who, for whatever reason – financial, philosophical or otherwise – want their money back.

Some of you will remember the great effort former Legislative Council attorney Anita Thomas embarked on over the course of many interims to rewrite the ag chapters of the Century Code to improve clarity and consistency. The commodity checkoff chapters were part of that effort, and legislators worked diligently to ensure there was uniformity and consistency across the programs. HB 1487 would undo that work, making the beef checkoff the only of more than a dozen checkoffs structured in this way.

While the percentage varies slightly from year to year, the state beef checkoff has an annual refund rate right around 10 percent. That means approximately 90 percent – an overwhelming majority – of beef producers elect to leave their investment to be used for the benefit of the industry. By changing the collection method, HB 1487 would actually increase burden on these folks – the majority of the state’s beef producers – who want to support the industry. At the same time, those who don’t pay in get a free ride – benefitting from the resources offered by their peers without offering anything themselves.

Certainly, HB 1487 could impact the dollars collected for the program. Even with the widespread support that the beef checkoff enjoys, well-intentioned beef producers may very well forget to initiate the payment if the responsibility is all on their own. The Beef Commission’s compliance reminders also help generate many additional dollars for education, research and promotion right now, but those would likewise cease, as they wouldn’t make sense under a “pay if you feel like it” system. Similarly, otherwise supportive producers may grow less enthusiastic about participating when they feel like they are picking up the tab for those they consider to be free-loading.

In these ways, HB 1487 could shrink the checkoff dollars collected and increase the need for additional state investment in product research, promotion and education, which is now leveraged with producers’ collective checkoff contributions.

The checkoff refund process was modernized with the establishment of the beef checkoff, making it easier than ever before to collect a refund and taking only a matter of days from start to finish to collect one.

I am sorry to hear if there are those who don't find value in promoting their industry. While I disagree with the assertions, they are absolutely entitled to their opinions and to get their money back under existing law and, still, are not excluded from the benefits from the contributions of others. As such, there is no need to mess up the time-honored program that is working well in North Dakota. They have nothing to lose the way it is now.

For these reasons, Mr. Chairman and House Agriculture Committee members, I ask you to oppose HB 1487. Thanks for the opportunity to appear before you today.

I would be happy to stand for any questions you may have.