North Dakota Stockmen's Association
HB 1207
House Agriculture Committee
Room 327C
Jan. 17, 2025

Good morning, Chairman Beltz and members of the House Agriculture Committee. For the record, my name is Julie Ellingson, and I represent the North Dakota Stockmen's Association, a 95-year-old beef cattle trade organization representing approximately 3,100 members from across the state, including some from each of your respective districts.

We appear in opposition to HB 1207. The North Dakota Beef Commission configuration and seating process has served the industry well since its inception in 1973. Carefully structured by the legislature, it includes the full spectrum of the North Dakota beef industry and provides opportunity for individuals or organizations to nominate representatives for the three at-large seats on the board. We support the Commission's demand-building mission and are proud of the many individuals who have served at the state level and have risen to national leadership ranks and given North Dakota ranchers an even more resounding voice on the national stage. The existing system is working and, so, complicated and costly changes are unwarranted.

Granted, as you heard, some believe that an election process would be better. It is how you were put in your legislative seats and one that our organization would absolutely be engaged in if it were the process, so our leaders gave this bill, like the one that preceded it last session, a thorough, good-faith review. The measuring stick they used is the policy our members enacted in 2021 that supports the current process defined in Century Code for

qualifying, nominating and appointing Beef Commission members, but leaves the NDSA open to supporting changes to the Commission if they would enhance demand for beef and beef products. HB 1207, in the organization's view, doesn't meet that standard, has some inherent flaws and would waste producers' research, education and promotion dollars.

The bill has many parts, so I will work my way through the copy, starting on page 1, line 18, and the definition of "cattle industry representative." The definition aggregates all those who serve on the Commission into one category, but, oddly, defines those as individuals who are or *have been* a beef producer, cattle feeder, dairy producer or auction market rep. The "has been" language is past tense and seems to suggest the possibility of former industry folks having the ability to serve on the Commission, even after they have exited the industry. Could then a majority of the board be those who are retired and have no vested interest anymore? Later in the bill, in Section 2, there is conflicting language, calling for folks to be actively engaged, yet how can you be actively engaged if you're a has-been? It appears that the cattle industry reps are also those who would be afforded to vote in the election, but that does not make sense if they are no longer in the industry.

Section 2 also strikes the slots for different industry sectors, so no longer would there be an assured feeder, dairy producer or market representative. The last two sessions have made growing and diversifying animal ag a focal point, but, conversely, HB 1207 would homogenize these positions and eliminate the designated sector positions.

While the number of dairies has dropped in North Dakota, there are two large-scale projects on the horizon that are expected to double the numbers alone, and dairy beef has accounted for between 18 and 24 percent of the total U.S. beef supply since 2002. The industry's input is important. Under the HB 1207 structure, the chances of a dairyman or woman prevailing would be slim. The same would go for livestock markets. While these reps could run, not all of the proposed districts have an auction market in them, so they wouldn't be able to run in all districts and would be put at a competitive disadvantage.

In Section 3, the bill looks to retain officers serving on the Commission as of the end of this year and includes procedures for elections for six districts. But the terms of the Beef Commission members conclude June 30, so it will not be known until then what districts those officers reside in and which would need a separate election to ensure one representative from each of the nine districts. Currently, there is not a director from what would become District 1, but yet it is assigned as the district of the new vice chairmen, an arbitrary allocation.

Section 4, page 5, line 5, talks about vacancies and gives the Commission the authority to fill slots themselves for periods that can exceed a year. This could be perceived as a conflict of interest, with no outside vetting. Section 4 also sets a different standard for vacancies than what is proposed in Section 7. In that section, the governor would be tasked to appoint someone. If we can count on the governor to vet and appoint appropriate candidates for the Commission under this scenario, shouldn't we also be able to count on the governor to do so under the current system?

On page 6, the nine districts' configurations are laid out, but, when plotted on a map, reveal some large, unusually shaped districts that still have a nearly 120,000-head difference from the smallest to the largest. In District 1, there are 232 miles between Bisbee and Oxbow, as one example. Section 6 allows the Commission to redistrict and then confirm with a legislative vote, but the bill does not explain what the threshold is to constitute a boundary change nor what happens if the bill in the legislature either does not pass or does not pass in the same form as proposed by the Commission. That same question pertains to the referendum process vote outlined at the end of the bill.

On page 7, the NDSU Extension director is required to notify all known cattle industry representatives and request nominations. Remember, cattle industry representatives by definition are those who are or have been beef or dairy producers, feeders or market reps. How long does "has been" go back to? One year? Two years? Three years? Or something else?

This takes on added significance in Section 9 on page 8 as it relates to the referendum process. It requires a 15 percent threshold of the cattle industry representatives of the state, but what number is that? NASS data says there are 8,000 cattle operations, but that's not people and that's also not considering the unknown number of has-beens.

We also question why producers would be disallowed from self-nominating. The allowance for self-nominations is a key feature in the current system and provides opportunities for

those who either are not affiliated with an organization or do not receive an endorsement to still vie for these positions.

Because there is no central database of beef producers, the Extension director would be required to file a FOIA request from Farm Service Agency to obtain one, but FSA's list would not be all inclusive, since, unlike with other commodities, many livestock producers are not necessarily in the database, since there is no requirement to be. FSA's livestock producer list may also include producers of other species, besides cattle. HB 1207 does allow a beef producer from certifying that he or she is eligible to vote, but is silent on what the certification process is.

You will notice throughout the bill that the Commission is subject to all costs related to elections and referendums and that is one of the biggest questions producers have about HB 1207. The process would, of course, require envelopes, paper, ballots, stamps, staffing, etc. The biggest unknown variable is how many cattle industry reps there are and what that final price tag would be. Some have estimated it to be $20,000 to $30,000 a year, but no one really knows.

It is unfortunate there is no fiscal note attached to the bill because, for the same reason the legislature enlists analysts to help develop a financial forecast, the industry wants to know the costs associated with this proposal and the potential implications for beef research, promotion and education projects. Right now, that is only a guessing game.

We respect the opinion of all those in the room today, certain that everyone here shares the desire for a sound board that is representative of the state's cattle industry and that considers the vantage points of all. We have that in our current system. HB 1207 would create a cumbersome process, cost the industry an undetermined amount of money and potentially neutralize or even eliminate the voices of actively engaged producers from significant industry sectors.

Already this session, you and your peers are considering legislation to change the process of elections of two commodity boards because there are struggles with vacancies and those processes. I was in the room for another bill here last week when one grower testified about their election complacency and the difficulty in finding people to serve. His quote was, "The term 'railroading' comes to mind."

That is not the case with the North Dakota Beef Commission. It is an active and robust board with a structure that provides opportunity for broad-based producer engagement and nomination and, for the good of the industry, we want to keep it that way.

For these reasons, committee members, we respectfully oppose this bill and ask for a do-not-pass recommendation.