

Testimony SB2346

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Testimony in Opposition of SB2346

To the Honorable Chairman and the members of the committee, we submit these remarks on behalf of DRC.

Mr Chairman,

We would like to testify in opposition of SB2346 and clarify some confusion with the checkoff, the beef industry, and my testimony previously.

I wanted to clarify some half truths and give you some perspective on the beef Industry. full explanation below but these are the main bullet points. While I can't speak for them directly. This is what I've concluded from nearly 6 years of working with ranchers and listening to their grievances.

- **The beef industry is divided by the haves and the have nots. Packers and political entities pick the winners and losers. And the winners often don't always realize they've been picked.**
- **Membership to an organization isn't always a requirement to be on the commission but it is written that several organizations have to have membership on the committee. There are also a lot of unspoken rules in the beef industry.**

1. Not everyone is happy with how the beef commission or the checkoff is run. The beef industry is divided by the haves and the have nots. Packers and political entities pick the winners and losers. And the winners often don't even realize they are even picked.

The price of Cattle (cows sold to market) and Boxed Beef (steaks in packages) are two different things. Cattle is a commodity price that Omaha and Kansas City will dictate what it's worth with price discovery, and boxed beef is typically priced in the same fashion any other good is (time, labor, price of raw goods, transportation, "this is what it cost me to make and what I have to sell to make a profit") This creates dynamics At the top is Retailers trying to squeeze the packers to buy as cheap a product as possible and sell at the highest, then packers and processors squeeze the feedlots to get the cheapest meats, Feedlots then often have to find ways to

squeeze the cow calf producers to get cattle fed up in the cheapest ways possible. And the cow calf gets no one to squeeze.

The problem is the Checkoff and by extension the Beef Commission is intended to be the Producer and Feedlot tool to counter balance Packers and Retailers. The National Cattlemen's Beef Association often states that they work in the interests of the producer and the processor. This is tough because of the fact that they often indirectly influence where the checkoff and the beef commission dollars go to. This also pisses off many ranchers that want to see the check off dollars go towards lawsuits to help in favor of the producers rather than going more strictly to marketing. In response the Ranchers Cattlemen Action Cattle Legal Fund (R-CALF) was formed in response to this. Independent Beef Association of North Dakota IBAND is a subchapter of them.

2. You don't need a membership to an organization to serve on the commission. (sort of)

It states in the bill:

The Governor appointments require nominees from the Stockmen's association, a dairy producer from the Milk producers association, a rep from the public livestock market submitted from the North Dakota Livestock marketing association AND 3 AT LARGE REPRESENTATIVES.

Both my testimony and opposing testimony are true in a sense. The issue here is that under the current structure of the board, there are at least 4 positions that require membership and that the associations need to nominate at least two people. 3 unassociated people will have a significant disadvantage if they apply. **I would also ask stockmans members how many non stockmans members have served the beef commission.**

With that in mind we have had a very comprehensive discussion and bill written up that was done with multiple associations feedback and this bill is pretty underwhelming compared to that. Is there anything wrong with the idea of increasing transparency in this case with extra advertisement? Extra applicants still aren't the same as an election. Considering all the ideas that have been thrown on the table I think there is still room for compromise between these organizations but realistically the people in power have everything to lose and will not give it up voluntarily. You as the state legislature must ultimately make that decision for yourself and choose what is the best route. But ultimately this side will not likely give up anytime soon and this struggle of ideologies will continue.

This bill would give us a better opportunity for all cattle ranchers to benefit from the systems and start making the markets work for them.

This is common sense legislation. We recommend a DO PASS.