

FISCAL NOTE
Requested by Legislative Council
01/15/2015

Amendment to: HB 1238

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2013-2015 Biennium | | 2015-2017 Biennium | | 2017-2019 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | \$0 | \$1,142,573 | \$0 | \$3,020,600 | \$0 | \$3,000,000 |
| Expenditures | \$0 | \$1,032,067 | \$0 | \$3,000,000 | \$0 | \$3,000,000 |
| Appropriations | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

| | 2013-2015 Biennium | 2015-2017 Biennium | 2017-2019 Biennium |
|------------------|--------------------|--------------------|--------------------|
| Counties | \$0 | \$0 | \$0 |
| Cities | \$0 | \$0 | \$0 |
| School Districts | \$0 | \$0 | \$0 |
| Townships | \$0 | \$0 | \$0 |

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1238 provides a mechanism and authorization for an additional \$1 per head mandatory but refundable state beef checkoff assessment.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Subdivision b of subsection 1 of section 4.1-03-11 provides for an additional ND assessment of \$1 for each animal sold. On average, this will affect approximately 1-1.2 million head of cattle annually.

Subdivision b of subsection 1 of section 4.1-03-17 provides for a refund of this state assessment within time lines outlined in subsection 2. Refunds were available prior to October 1, 1986 under state law. The refund rate at that time was 12%. To estimate cautiously, a 12% refund rate has been used in projections.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The only revenue type affected by this bill is beef checkoff income. The ND Beef Commission funds are also considered special funds with a continuing appropriation and have no impact on the executive budget.

2013-2015 Revenue – \$1,142,573 estimate from a combination of 13/14 actuals and 14/15 estimates.

2015-2017 Revenue – \$3,020,600 which includes an estimate of \$1,020,600 from the state's half of current national checkoff plus interest/other income, and new revenue of \$2,000,000 from new state checkoff of \$1 per head on cattle sold.

2017-2019 Revenue - \$3,000,000 again based on state half of national checkoff and full dollar from state checkoff.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The ND Beef Commission conducts programs designed to increase demand and profitability for the beef industry. Currently, the Commission employs 2 full time staff members. Programs currently include beef promotion, education, consumer information, industry information, research, national and international programs, and producer communications.

2013-2015 expenditures - \$1,032,067 which includes a combination of 13/14 actuals and 14/15 estimates.

New funding made possible in this bill would allow for expanded programs designed to increase demand for beef. These programs include much needed beef product research at our state institutions, along with expanded reach to our beef consumers, health professionals and educators. It would also provide funding to reinstate effective beef promotion programs that have been discontinued due to increased costs and reduced funding and purchasing power of the beef checkoff.

2015-2017 expenditures – \$3,000,000 which includes \$1,000,000 from state half of national checkoff funds, an estimate of 12% refunds from new state checkoff dollars at \$240,000, and \$1,760,000 for increased programs of beef promotion, research, education, consumer information, industry information, and producer communications at the state, national and international level. One staff position that is currently open, due to a retirement and reduced funds, would also be filled.

2017-2019 expenditures - \$3,000,000 total including \$1,000,000 from state half of national checkoff and \$2,000,000 (less refund requests) from state checkoff program.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The ND Beef Commission has a continuing appropriation and all funds are used for beef demand building activities.

Name: Nancy Jo Bateman

Agency: ND Beef Commission

Telephone: 701-328-5120

Date Prepared: 01/22/2015

FISCAL NOTE
Requested by Legislative Council
01/15/2015

Bill/Resolution No.: HB 1238

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

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Name: Nancy Jo Bateman

Agency: ND Beef Commission

Telephone: 701-328-5120

Date Prepared: 01/22/2015

2015 HOUSE AGRICULTURE

HB 1238

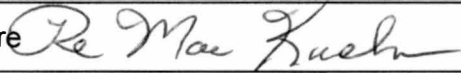
2015 HOUSE STANDING COMMITTEE MINUTES

Agriculture Committee
Peace Garden Room, State Capitol

HB 1238
1/30/2015
Job #22919

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to an increase in the assessment on cattle; and to provide an expiration date
(Fiscal note)

Minutes:

Attachments #1-28

Chairman Dennis Johnson Co-Sponsor: HB 1238 is the check-off increase for the livestock industry. It allows for an additional \$1 check off. Two things I wanted to see in the bill:

--the ability to have a refund if so requested

--if it is increased at the national level, North Dakota's increase would go away. It would consistently stay at \$2 rather than go to \$3.

Representative Boe: Supports the check off increase.

Julie Ellingson, ND Stockmen's Assn.: (Attachment #1)

(10:40)

Representative Alan Fehr: Why not increase 50 cents?

Julie Ellingson: Inflation drops the value of the dollar to about 40% of what it was in 1985.

Representative Jessica Haak: If they want to opt out. How long does it take to get back the money?

Julie Ellingson: The beef check off does not have a refund provision because there is a national program? Other state commodity check offs do have the refund provision. In visiting with other commodity check off leaders, there is a 60 day window to request a form. Once they receive a form they have 90 days to send it in. Those refunds are processed in a day. We would have the same expectations.

Representative Craig Headland: What is the average number annually of sales of beef that go through sales barns?

Julie Ellingson: The revenue at the Beef Commission has varied about \$1.1 to 1.5 million. So we would anticipate that we can double the amount of money. Now there is no refund provision but there would be an allowance for those that want to refund with this bill.

Chairman Dennis Johnson: What about out-of-state sale barns?

Julie Ellingson: North Dakota producers would be subject to this law. There is reciprocity with other state beef councils about collecting those dollars and remitting them to the state of origin.

Representative Cynthia Schreiber-Beck: How many producers are in the state of North Dakota?

Julie Ellingson: About 10,000 beef producers in ND according to National Agriculture Statistics Information.

Representative Joshua Boschee: I struggle with trying to understand the role of the legislature vs. the industry deciding.

Julie Ellingson: Every state is a little different about how their check off program is included in state law. The way to create an enhancement to the check off is through the legislative process because it is in Century Code. Producers also have a say in this at the time of marketing because of the refund provisions.

Representative Cynthia Schreiber-Beck: Is there the mechanism to opt out? It seems cumbersome?

Julie Ellingson: Our goal is to be simple. We anticipate forms would be available at the auction market or printed off the internet.

Representative Alisa Mitskog: Where are we as a state in comparison for check off dollars?

Julie Ellingson: Everyone pays a \$1 assessment because of the national law. There are 12 other states that have an assessment beyond that. Those vary from an additional 50 cents to \$2.

Representative Dwight Kiefert: I realize we want to keep all check offs uniform. Do you see a compromise that would keep both sides happy?

Julie Ellingson: There was a lot of time and thought put into this bill. It allows producers to spend their money to do better things. Those that don't want to participate have the ability to be out of the process with a refund. This also has a release valve that if the national check off would be increased, this would sunset.

Representative Alan Fehr: In reference to your testimony to pool resources with partners for national and international programs. Where do these funds go? Who are the researchers? Who makes the decision what kind of research they do?

Julie Ellingson: An example is the U.S. Meat Export Federation. This is a national arm that helps promote U.S. beef in places around the world. We rely on our international markets. About \$300 is added to the price of every animal due to exports. They eat parts that we are not interested in such as tongues, livers, etc. We can add value to our carcass.

Jason Schmidt, Rancher: In strong support of HB 1238. Served as President of the ND Stockmen's Association, Chairman of the North Dakota Beef Commission, and Region 7 Vice President for the National Cattlemen's Beef Association. NCBA is a 30,000 member grass roots organization that has put together a group of individuals from outside the industry to contract for the check off dollars. They have put together professionals in the advertising world, nutritionists, and chefs working together to forward those ads and commercials we have seen throughout the years. I have sat on the committee that spends those dollars. I've seen it come full circle where all those dollars get spent.

One of the reasons I feel so strongly about the check off can be illustrated in this chart. (Attachment #2) I first saw this chart when I was at a national meeting for the North Dakota Beef Commission. To me this is the reason why we have a beef check off? Down the center of the country in blue are the plains states--the cow/calf country. 62% of our check off is collected from these states. Yet there is only 15% of the entire country's population in those states. On the coasts highlighted in red, three states on each coast also account for 15% of the population yet almost none of the cattle. This is why we banded together to further the cause so we can advertise and sell our product where the population is. Even the little town of Medora was based on that concept where they had a packing plant and with refrigeration tried to ship their product to the coasts.

(26:50)

An example of how we partner together to help our causes (I saw this while I served on the National Food Service Committee on behalf of the Beef Commission):

The first partnership was with Applebee's Restaurant. We took a product that was too expensive on their menu. With check off research that was conducted in a kitchen using new products developed from the chuck we brought a more affordable product to their menu called the Bourbon Street Steak. That item is still on the menu 12 years later. They poured millions of dollars into that campaign once they could see the value of it.

Another partnership is with Quiznos Restaurant that was competing with Subway. We worked with them and found a less expensive cut of beef. It helped increase the price of our cows because we brought it in as a prime rib sandwich from cows instead of from calves. Also 12 years later it is on their menu and one of their best sellers.

Currently USDA is working on new dietary guidelines for the food pyramid. The recommendation is to take lean meats out of the food pyramid. They have no scientific evidence for it.

There are 12 other states that have already increased their state check offs. It is being worked on nationally. In each state that has passed the check off, people realize the importance.

Sixty years ago the ND Beef Council was formed by the Stockmen's Association in this state. From there more and more states came along. Eventually we got to a national check off so that we could promote beef as a whole. It is a constant battle to make sure the misinformation is countered with facts.

This bill has the refund component. One more dollar doesn't even keep up with inflation. This is a state law since 1985 when the national check off passed. This is not a new law. We are only adding to the assessment so we can help bolster the support on a national level.

"Beef, it's what's for Dinner" is one of the most recognizable campaigns. That was developed with beef check off dollars.

(36:34)

Representative Jessica Haak: What percentage of the dollar goes out of state? Is any of it used for policy?

Jason Schmidt: We are mandated to send 50 cents out of state. The other 50 cents is up to the local beef commission. Research done at NDSU worked on calcium studies in women who were on diets trying to figure out how to keep from losing bone. We brought in a couple hundred thousand dollars of our money. We also went to the national check off and they brought in much more. That nine member board considers all options. This additional dollar would give the decision to the Beef Commission to spend where they see the most value.

There is none used for policy. The Federation of State Beef Councils is where the additional money can go from the Beef Commission. When I go to national meetings, it is a separate group. The reason the group came into being is because of groups like the ND Beef Commission. All the states wanted representation on a national level.

Representative Alisa Mitskog: The states with increased check off? Are they the cattle producing states?

Jason Schmidt: We have Idaho, Kentucky, Texas, etc. It is a mix from all over the country. It is when the individual state producers get together and further the cause. More and more states are talking about it. Most of us want it increased on a national level.

Representative Alan Fehr: You gave examples with Applebees and Quiznos. In your opinion had these dollars not gone into develop the menu items, would the industry come up with something else?

Jason Schmidt: These were new items that they were unsure of and so they didn't want to stick money into that product. We did some testing in our kitchen to put these products together for test markets. We also partnered with Boston Market that only served chicken and fish. We worked with them for a couple of years. They added two beef items that are still on the menu today.

(43:56)

Larry Schnell, Auctioneer from Dickinson: I have served on the ND Beef Commission as a member and as a chairman and a Region 7 Vice President for the Federation. The staff in North Dakota has formed relationships with people who make decisions about beef. That includes dieticians, nutritionists, and doctors. They can get more done than any one rancher. We need to promote our own product. This is handled by North Dakotans.

Agriculture in the Classroom teaches fifth graders about the good aspects of beef.

Representative Craig Headland: Has anyone complained to you about the \$1 check off?

Larry Schnell: It is rarely about the check off. It is usually about the attachment with the National Cattlemen's Beef Association.

There is no question that the price of cattle is high. The average calf today is selling for \$1,500 a head. When one dollar of that is being used to promote the product, that is 1/1500th used for promotion.

Jerry Effertz, Rancher, McHenry County (Attachment #3)

(52)

Brian Amundson, Rancher, Stutsman County (Attachment #4a & b)

(57:20)

Sheyna Strommen, Rancher, Fort Rice (Attachment #5)

(1:01)

Tom Lilja, Executive Director, ND Corn Growers Association (Attachment #6)

(1:04)

Justin Bartholomay, College Student Planning to Ranch (Attachment #7)

Additional written testimony provided in support but not heard (Attachments #15-25)

(1:08)

Opposition:

Larry Kinev, Board Chairman of the Independent Beef Association of ND

(Attachment #8)

Offered amendment.

(1:17)

Representative Cynthia Schreiber-Beck: How many beef producers are in your organization?

Larry Kinev: About 300.

Representative Alan Fehr: Is it your suggestion that we do an amendment that the dollars don't go out of state?

Larry Kinev: Cattle people are an independent group. When the original check off was passed, it was set up to keep out government involvement. Yet here we are. I hope we have further discussion and this isn't the end.

Representative Jessica Haak: The bill allows for an "opt out." How do you feel about that?

Larry Kinev: The opt-out provision is a fluffy part that makes it more sellable. We have talked about "opt in." They say nobody will pay it. Today you can contribute more if you want.

Representative Tom Kading: Of the 300 members, how many don't like this bill?

Larry Kinev: After our convention we send out all of our policy to every member. Every member gets to vote on it. At our convention we had about 60 people in attendance. 90% of them voted. All are not in favor of the increase.

Vice Chair Wayne Trottier: Would it make any difference if they have the option at the time of sale that the dollar is not withheld?

Larry Kinev: It would ease some. My biggest concern is the amendment. An interesting part of the check off debate is that Secretary Vilsack offered a tandem check off nationally which had the chance to raise \$80-100 million more. It never made it through the comment period. The National Cattlemen's Beef Association was very much against it because they were afraid that outside interests would get seats on the board.

Representative Craig Headland: You support all the efforts the ND Beef Commission makes toward research and marketing. You also mentioned that 40% of the current dollar goes to administration. By adding another dollar it doesn't have an impact on administration costs. The extra dollar would go to marketing and research which are things you said you support.

Larry Kinev: I fear those dollars will be used for administrative costs further up the line. If this bill passes, I want all of it to stay in the state. We have good research facilities in the state at NDSU and other medical facilities.

Representative Craig Headland: So you don't object to the dollar. If there was language in the bill that the dollar stayed in ND, would you not object to this bill?

Larry Kinev: I object to this bill. I would like to see it put to a vote of the producers.

(1:25)

Dwight Keller, Rancher, Mandan (Attachments #9a & 9b)

At IBAND we don't allow nonproducers to vote. You have to have cattle to vote. Let the cattle producers decide this. Our poll was 132 to 8 in opposition to raising the check off.

Most state check off programs, like the corn check off, spend a big percentage on research. The ND Beef Commission does not. I have included an audit of the 2014 Beef Commission. You will see that administration costs were 40-45%. There was only \$681 spent on research. Last year they sent \$137,232 to national and international programs. That money is subject to implementation fees. They also increased their bottom line by \$75,883. They ended with a balance of \$270,055. So why were no research projects funded?

The problems are with the national organization and the amount of money used to fund the organization. In 1995 they merged the beef board with NCBA (National Cattlemen's Beef Association). At the time National Cattlemen's was broke. 70% of NCBA's money comes from the check off. Forest Roberts, as the top official, gets \$450,000.

If we could rewrite the check off today we could put some of these things in. This was one of the first check offs written. So a lot wasn't put in place that probably should have been. Most producers support the theory of check off. But I think it is how it is managed. We need to let the producers put accountability into the program.

(1:33:47)

Representative Dwight Kiefert: I see the possibility of realizing the benefits of the check off. Is beef going off the menu if we don't get the extra dollar? I don't think that is going to happen. I see a miscommunication between the beef check off people and producers. I don't like taking taxpayers' money. Do you see any common ground?

Dwight Keller: We want it to be voted on by the people. If you look at other states, very few producers vote. We have to mail it out to get the votes.

Other check offs spend a lot on research. If you look at the \$11.20 it was only on about 40% of the money. When BSC (mad cow disease) hit in 2003, we lost 100% of the export markets. We are finally back to where we were on the exports.

Representative Alex Looyen: A large number of the population lives on the coasts and are not exposed to the beef industry like we are. If we keep all the dollars in state for research alone, how are we going to get to markets past the Midwest?

Dwight Keller: There is a program called the Northeast Initiative. You could send money directly to that and it wouldn't be subject to the implementation fees. What would be a perfect world would be a check off separate from any organization and run by beef producers. The check off could also be collected at the final point at slaughter. The grocery suppliers should be doing end point advertising. We should be doing the medical research through the University of North Dakota on the different fats.

Vice Chair Wayne Trottier: You commented that producers don't get involved. They can get involved with this program by opting out when they market their cattle.

Dwight Keller: I like the opt-in policy. It would give a true support of the program immediately. If I take a load of steers to sell, I could say don't deduct the check off. With the opt-out policy, if I sell one bull, they take a dollar. I have to file the paperwork, send it in, they send it back. We spent more than the dollar so they don't opt out. I would be in favor of paying the dollar if we have accountability on the way it is spent.

(1:42:49)

Dane Braun, ND Farmers Union (Attachment #10)

(1:45)

Kenny Graner, Farmer/Rancher, Morton County (Attachment #11)

(1:53)

Allen Lund, Sioux County (Attachment #12)

(1:57)

Mike Heaton, Burleigh County (Attachment #13)

(2:05:45)

Representative Dwight Kiefert: We are hearing the administration fees are where the concern is. In this administration cost, do they employ attorneys that fight battles with the animal rights people?

Mike Heaton: I cannot answer that.

Representative Jessica Haak: You talked about declining consumptions and declining markets. Wouldn't things be worse if there was no check off?

Mike Heaton: I can't think of anything worse than financing my own demise.

Representative Cynthia Schreiber-Beck: In looking at the charts in your testimony: there is a shrinking number of livestock operations. Is it just beef or are pork, dairy, etc. included? What is the number of head of animals?

Mike Heaton: That chart showing declining operations is beef alone. The other graphs in that chart are labeled for pork, poultry, and sheep.

Representative Cynthia Schreiber-Beck: There is no head count? Operations can decline but does the head count remain the same?

Mike Heaton: The cow herd has shrunk also.

**Additional written testimony provided in opposition but not heard
(Attachments #26-28)**

Neutral:

(2:09:18)

Nancy Jo Bateman, Executive Director, ND Beef Commission: (Attachment #14)
The beef commission has to provide an annual audit.

(2:25:14)

Representative Jessica Haak: Would the ND Beef Commission be agreeable to a full performance audit?

Nancy Jo Bateman: Yes.

Representative Alisa Mitskog: Who notifies the producers of the increase?

Nancy Jo Bateman: We cannot initiate legislation or lobby. I am here to provide information.

Chairman Dennis Johnson: Closed the hearing

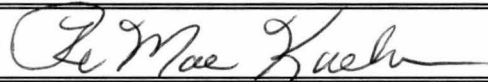
2015 HOUSE STANDING COMMITTEE MINUTES

Agriculture Committee
Peace Garden Room, State Capitol

HB 1238
2/12/2015
Job #23714

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to an increase in the assessment on cattle; and to provide an expiration date
(Committee Work)

Minutes:

Attachments #1-4

Chairman Dennis Johnson: Handed out testimony of Ray Erbele in support and was unable to attend. (Attachment #1)

Hand out of Century Code sections explaining other commodity check off refunds.
(Attachment #2)

Hand out of North Dakota commodity assessments (Attachment #3)

The reason I introduced this bill was to stay consistent with other commodities. I wanted to make sure it was provided in there the ability to get a refund if they didn't want to participate.

Also if it is increased at the national level, this increase would go away.

Vice Chair Wayne Trottier: Handed out proposed amendment (Attachment #4)
I believe in the political arena. All ideas need to be heard. It is requiring a referendum to be voted on. I would not support the amendment but it needs to be offered.

The \$1 in current policy has been in for many years. It is not based on gross dollars. It is a small part of the check off. Raising it to \$2 doubles that. If it is based on gross dollars, it can be more costly.

Representative Joshua Boschee: Moved the amendment.

Representative Diane Larson: Seconded the motion

Representative Diane Larson: Although other commodities have done the "opt out" rather than "opt in", a lot of times it is based on the value. If you are selling a bull for \$80,000 vs. a steer for \$1,500--maybe it should be based on value like some other commodities rather than per head.

If I was raising cattle and I could be convinced that the beef check off provided great value to me then I would want to participate by adding another dollar to get even more value. If I was not convinced that I would get more value, I would be very unhappy that the legislature forced this on me. Because of that I will support the amendment.

Vice Chair Wayne Trottier: One important point, after studying the amendment there is no fiscal note and it will take money to do the referendum. So it is impossible to do the amendment without funding.

Representative Alan Fehr: I understand this amendment is asking for an election. There is a 10-day window for participants to become qualified. Could someone clarify how this works beyond the funding question?

Representative Craig Headland: I am going to resist the amendment. The beef check off is a tax to fund a government agency--the Beef Commission. I think you can show how a dollar per unit is low compared to other commodities. I think it is fair to allow this check off to go up.

Those who disagree have the option for a refund. As a tax or fee this is the responsibility of the legislature to set. Anytime that we need additional revenue, are we going to go to the general public and ask them to vote for more revenue to run our agency? I don't think that is good government.

I've contemplated on this for three weeks. There is not enough money generated by \$1 to run this agency. They need more money. We need to make that tough decision.

Chairman Dennis Johnson: I will resist this amendment. We are straying off in another direction from the bill. If you don't want to participate you can have your money back. But don't keep the people that want the increase to not be able to move forward.

(11:22)

Representative Craig Headland: I would suggest to the agency that will benefit from these extra dollars. Do not lose control of this money. This money is meant to help North Dakota producers. You will not be looked at very fondly amongst the legislature if this money goes to the national board.

Representative Dwight Kiefert: The question about funding the referendum--Could those that brought the amendment explain how they plan to fund this?

Representative Craig Headland: There is no mechanism for funding. There is only one place for it to come from and that is the Beef Commission.

Representative Jessica Haak: Have they done this in other states with the referendum or even in other commodities? I thought they did this in Wyoming for the check off.

Chairman Dennis Johnson: I can't answer for other states. We tried to keep all commodities the same.

Representative Jessica Haak: Have other commodities run into the resistance that we have seen with the opposition?

Chairman Dennis Johnson: I refer back to the day we had the increase on wheat. It was standing room only and they were lined in the hall. It was increased. Life went on. We haven't heard anything since.

Representative Cynthia Schreiber-Beck: This amendment is here. Is there an opportunity to forgo the refund for the vote?

Chairman Dennis Johnson: We will take a Roll Call vote on the amendment.

A Roll Call vote was taken on the amendment: Yes 5, No 8, Absent 0.

Chairman Dennis Johnson: Amendment fails.

Representative Craig Headland: Moved Do Pass on HB 1238.

Vice Chair Wayne Trottier: Seconded the motion

(16:25)

Representative Joshua Boschee: I will support the bill because of the refund option. It is important that the Beef Commission do what it can to heal what needs to be done in the producer community. It is tough when we are put into the middle. Make sure the dollars stay local and that it is impacting research in our state and marketing our products.

There are some things that need to work out and heal in the ranching community.

Representative Alisa Mitskog: I also support what Representative Joshua Boschee says. I would stress making the refund process as efficient as possible.

Representative Dwight Kiefert: I echo what Representative Headland said. I thought about this the last three weeks. Being a farmer, I understand both sides. This one had no compromise. The refund will be the compromise. We need to work with our producers and help them understand and get them on board.

A Roll Call vote was taken: Yes 11, No 2, Absent 0.

Do Pass carries.

Representative Looyesen will carry the bill.

2/12/15

Amendment to HB-1238

WORKING WITH THE PROPER AGENCY OF
THE STATE OF ND GIVE

The North Dakota Beef Commission shall, ~~after giving~~ official notice through public press and state wide newspapers, offer a vote for qualified checkoff participants eighteen years of age or over. Passage would require a simple majority.

After two weeks notice of election, participants shall have no less than ten business days to prove participation in the check off within a year prior to the date of the election. Once qualification is established voters may obtain a ballot from polling locations deemed most convenient by the commission within the county of their residence.

A vote of participating producers shall be held every 5th year thereafter to continue or reject additional dollars to the state beef checkoff.

IK dawson @bertel.com

Date: 2/12/2015

Roll Call Vote #: 1

**2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1238**

House **Agriculture** Committee☐ Subcommittee

Amendment LC# or Description: _____

Recommendation

: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____Motion Made By Rep. Boschee Seconded By Rep. Larson

| Representatives | Yes | No | Representatives | Yes | No |
|------------------------------|-----|----|---------------------|-----|----|
| Chairman Dennis Johnson | | X | Rep. Joshua Boschee | X | |
| Vice Chairman Wayne Trottier | | X | Rep. Jessica Haak | X | |
| Rep. Bert Anderson | | X | Rep. Alisa Mitskog | X | |
| Rep. Alan Fehr | | X | | | |
| Rep. Craig Headland | | X | | | |
| Rep. Tom Kading | | X | | | |
| Rep. Dwight Kiefert | | X | | | |
| Rep. Diane Larson | X | | | | |
| Rep. Alex Looysen | | X | | | |
| Rep. Cynthia Schreiber Beck | X | | | | |
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| | | | | | |
| | | | | | |

*Failed*Total (Yes) 5 No 8Absent 0Floor Assignment Rep.

If the vote is on an amendment, briefly indicate intent:

Amendment presented by Representative Trottier

Date: 2/12/2015

Roll Call Vote #: 2

**2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1238**

House Agriculture Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation

:

- ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions:

- ☐ Reconsider ☐ _____

Motion Made By Rep. Headland Seconded By Rep. Trottier

| Representatives | Yes | No | Representatives | Yes | No |
|------------------------------|-----|----|--------------------|-----|----|
| Chairman Dennis Johnson | X | | Rep. Joshua Bosch | X | |
| Vice Chairman Wayne Trottier | X | | Rep. Jessica Haak | | X |
| Rep. Bert Anderson | X | | Rep. Alisa Mitskog | X | |
| Rep. Alan Fehr | X | | | | |
| Rep. Craig Headland | X | | | | |
| Rep. Tom Kading | X | | | | |
| Rep. Dwight Kiefert | X | | | | |
| Rep. Diane Larson | | X | | | |
| Rep. Alex Looyen | X | | | | |
| Rep. Cynthia Schreiber Beck | X | | | | |
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Total (Yes) 11 No 2

Absent 0

Floor Assignment Rep. Looyen

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1238: Agriculture Committee (Rep. D. Johnson, Chairman) recommends **DO PASS** (11 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1238 was placed on the Eleventh order on the calendar.

2015 SENATE AGRICULTURE

HB 1238

2015 SENATE STANDING COMMITTEE MINUTES

Agriculture Committee
Roosevelt Park Room, State Capitol

HB 1238
3/6/2015
Job #24444

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Emmery Grothberg

Explanation or reason for introduction of bill/resolution:

Relating to the beef check-off

Minutes:

Attachments: #1-29

Chairman Miller opened the hearing on HB 1238.

Representative Johnson, District 15 introduced HB 1238. Stated that the bill brought forth for the stockman and would request a dollar a head increase on the check-off. There is a dollar in place now: fifty cents goes to the nationals and fifty cents is retained in ND. The dollar increase would be used in ND and the caveat is that it is refundable for those who do not want to participate. The other piece of the legislation states that if the national check-off goes to two dollars, the extra dollar here would go away.

Senator Klein stated that Representative Johnson was a producer and familiar with check of programs. He asked if Representative Johnson saw this process as being a more difficult refundable dollar than other commodities in the state?

Representative Johnson: There are about 12 commodity groups in ND that have a check-off program. Of those, there are six that do not have a refundable option. Over the interim we had studied the check-offs with the different commodity groups and we've tried to bring them all to a similar situation. Wheat and the other ones you can get the refund after you've marketed the grain and you have 60 days to apply for the refund. Including that sixty days, up to ninety days, the refund has to be sent back to you. If you have more of that product sold, you can get an additional refund. There's no cutoff unless it's in the same sixty days of buying. That's how the other commodities work, so the folks that have this check-off, it would be up to them to fashion how their check-off refund works.

Senator Erbele (4:45) submitted testimony from nephews (see attachment #1) and spoke in favor of HB 1238. He stated that as a legislator, he was in a difficult spot because there are people on both sides of the issue but as Representative Johnson stated, if someone doesn't like the check-off dollar, they can get a return on that dollar. He also went over the change in the value of money and the value of beef and encouraged the beef industry to continue promotion.

Senator Bowman, District 39: (9:32) testified in support of HB 1238. He stated that by putting money into the beef industry, they stabilize that industry or hope to make it better. He also said that people can get their dollar back.

Julie Ellingson, ND Stockmen's Association: (11:55) (see attachment #2)

Vice Chairman Luick: (18:33) Can you go through the process of getting a refund?

Julie Ellingson, ND Stockmen's Association: It's important to know that the existing check-off that we have comes under the purview of a federal law and federal law does not provide a refund so there is no refund right now for the existing dollar. This new assessment if HB 1238 passes would follow in line with the refund mechanisms that are set in place by other commodity groups. As an animal is sold and the check-off is collected, there would be an opportunity to request a refund sheet. The time frame that was outlined was the 60 days to get the form, 90 days to return that to the ND Beef Commission which is the one that would administer the program. That would be rendered back to the producer in the form of the refund check.

Chairman Miller: Do you see any kind of website component?

Julie Ellingson: In terms of the administrative process, the Stockman's Association wouldn't be the one to provide that. It would be a streamline system that would make that as simple as possible while making sure that the accountability and verification to make sure that the transaction is on the up-and-up and that the information gathered is all the information that's needed to verify that transaction is included. We also would share the vision of a stream-line process.

Senator Larsen: Do you have a list of activist organizations that aren't friendly?

Julie Ellingson: Unfortunately, the list is robust. The beef industry constantly battles misinformation, not only from activist's organizations that have malicious attempts but also from consumers who don't understand the industry and are fed some misinformation. The beef check-off is an important component in helping science based information to counter some of those accusations. One example that comes to mind is the rhetoric and media on beef impact on the environment.

Senator Klein: I've been hearing that we should proceed by way of referendum. Where and who would fund that sort of vote?

Julie Ellingson: That would be up to the legislator to decide. The existing funds that the ND Beef Commission has are federal dollars and there would be a prohibition of utilizing those existing dollars for a referendum relating to a state beef check-off. I would trust that that would be some type of appropriation that this body would have to make.

Senator Klein: A general fund sort of appropriation?

Julie Ellingson: Yes.

Chairman Miller: Did the Stockmen's Association take a vote as a board?

Julie Ellingson: This has been a conversation for the better part of a decade. The last piece of the puzzle was a policy which mirrors HB 1238 that's in front of you that was passed on our convention a couple of years ago. Leading up to that however there was a lot of ground work that was done to design this kind of bill and move forward in a positive way for our industry. We had surveys and round table discussions.

Senator Oban: You said in your testimony (see attachment #2) that \$681 went to research last year, 0 was budgeted for research this year. And then you say that this additional dollar the priorities will be research, education, and promotion. What are the priorities now and why does research fall down to the bottom? What are the guarantees that it would be spent in a certain way? How do we know that the priorities are going to be in research? Do you use them to fight against lobbying efforts?

Julie Ellingson: The existing beef check-off has strong parameters I know that those dollars are going to be well spent. 50 cents is required to be sent to the cattlemen's beef board. Research is a high priority, but those are high ticket items and there are only so many dollars. I feel confident that people who have skin in the game are going to make good decisions about how those dollars are spent.

Senator Klein: 50 cents is off the table on the current table but how do the 50 cents we work with get distributed?

Julie Ellingson: As described, 50 cents goes to the cattlemen's beef board and 50 cents is at the discretion of the ND beef commission. There's investment in state programs.

Senator Klein: You spoke about the beef commission making these decisions, who makes the decisions and who's on the board?

Julie Ellingson: There are nine members on the ND Beef Commission, and they can have ten members who represent a variety of different industry segments. There are three sports on the beef commission and those are governor appointed.

Senator Schaible: (32:08) Offered proposed amendment (see attachment #3)

Senator Klein: The commission can't use their own dollars, will there be enough money to run the referendum?

Senator Schaible: It's not so much the vehicle that you use, but that you have one.

Jason Shimdt, Rancher, Kidder County: Testified in support of HB 1238. The use is a moving target. We have institutions in our state that would suggest research to us. When we have an effort as we do now, we have the opportunity to make sure that we aren't doing redundant projects. We were able to show people on a national level to make sure that it fit our parameters, it was better than any project that was out there. When there are projects, I trust to weigh all the opportunities and what's best for us.

Recently, I have been able to be elected to the National Cattleman's Beef Association, as their region 7 vice president. I've been a member for more than 20 years and we're concerned about our industry.

Handed out check-off chart (see attachment #4a)

Sale stubs (see attachment #4b)

He went over other states that have increased the check off and estimated that in the next three years there will be 2-3 million more cows calving throughout the US. He stated that he understood that there are some producers who do not want the increase so they had compromised by provide an opportunity for a refund. He stated that there was a referendum when the national check-off was put in place because it was mandatory without a refund opportunity. He said if the increase becomes national, there will be a referendum and there was no need to have the vote twice when the current increase is refundable. There is a vote opportunity, but there has to be 10% of the producers that are willing to bring it up for a vote for it to get off the ground.

Chairman Miller (50:50) Why do we do a dollar per head rather than a pounds or value of the beef? All the other commodities are based on a quantity of a value as opposed to a dollar per head where there is a huge range in value.

Jason Shimdt: That's been talked about for forty years. In 1985, the reason a dollar per head was passed in the end was because of the simplicity of it. On the grain side of things, the price can fluctuate but also it can be a catch-22 as a drought happens or bushels go down, you can see a faster shrinking of those dollars as well.

Senator Larsen: How many times can one of these animals be charged at check-off? Every time it goes through the sales barn?

Jason Shimdt: Yes. Every time that animal is sold, they will get charged that dollar. If someone owns that for 10 days or less, they aren't obligated to send that in.

Senator Larsen: If you are selling cattle to your neighbor, does the neighbor have to do the check-off or does it have to go through a sales barn to get the check-off?

Jason Shimdt: When it is a private treaty sale, they have a compliance person at the Stockman's Association. Everyone is supposed to pay the check-off; some ways are easier than others to collect.

Senator Klein: You probably haven't seen the amendment, but you probably had reference for the referendum. As I understand it, if the referendum was initiated and passed, a dollar would be assessed and there would be no opportunity to refund it.

Jason Shimdt: That is how it currently is on a national level, this one is refundable. I think if everyone votes personally, it should be mandatory because you have your say in it. The reason why we went with the refund process over the referendum process was so that if people aren't happy with it they can get it back each time rather than spending extra dollars and dragging the whole process out. If it is increased on a national level, that referendum process will happen in a couple years.

Senator Klein: Under the proposed check off, you have a referendum opportunity every time you sell your cows to get a refund if you don't like the check-off as opposed to the mandatory option.

Jason Shimdt: That was kind of our vision on that. If things change down the road and you feel more comfortable, you have that choice. But you have that choice every time and you can vote every time you sell. The referendum process isn't going to be cumbersome and it will give you the opportunity to do what you would like personally.

Chairman Miller: The amendments proposed do not strike out the refund provision, it would just provide a contingent effectively.

Senator Larsen: We dealt with one of these check-offs a while ago and they had the ability to refund it and they did some analysis of what they could expect would be the short come. Have you guys done that with this model? Has there been some number crunching to see who was against it?

Jason Shimdt: I think the beef commission might be able to give a historical perspective, years ago the state law was refundable just like it is on the books. The other states that have that clause in it varies from 1% to 5-7% on the high end.

Vice Chairman Luick: You are not currently on the beef commission but you probably have a grasp in the business portion. Are people are available 5 days a week?

Jason Shimdt: The board can do a good job explaining the administrative process but I served on the beef commission for six years, there were three full time employees at the point now they have only retained two. They are available 24 hours a day if you need them but they have office hours during the week. The commission members are the representatives and people often for straight to them.

Vice Chairman Luick: If I were to sell my livestock on this particular day of the week and you got the information in the beef commission's office by the end of the week, how long will it be until that refund is back to that seller?

Jason Shimdt: I expect it would be days, it would have to be mailed out.

Senator Klein: Would the refund process be similar to what we established for the other commodities?

Jason Shimdt: I was on the beef commission when we had the commodity groups chapter re-write, it is similar to other ones that have that clause.

Larry Schnell, Livestock Producer, past member of the ND Beef Commission: (1:04:00) testified in support of HB 1238. I testify in support of HB 1238. I would add the ND dollar on top of the national dollar for two reasons: 1. There's a lot of misinformation and data about beef that is not necessarily true. 2. I don't know what the alternative is. Who is

going to do promotion, meat packers? They are going to promote whatever makes the most money. If we don't do it I don't know who else is going to do it.

Kenton Holle, Milk Producers Association: (1:07:30) There are many dairy cows that go through the market because a large percentage are called out of the herd and go to the slaughter barn when production levels aren't where they need to be. If 16,000 cows have bull calves, approximately 8,000 bull calves go through the market.

As dairy producers, we do have a stake in the beef industry so it is important to know that the dairy industry is supporting this. When you talk about check off dollars that come from producers, they come from the areas that would be produced. We are marketing to areas where there are more consumers so it is difficult for producers to get an understanding on where their dollars are spent. It is not as necessary in the rural areas because we understand where our food comes from. The large urban areas are disconnected from farming that we have a strong message to share.

We are at a difficult time when in animal agriculture when it comes to public image. There's no one that can tell our story better than us; if we don't put forward a strong consumer confidence, we are going to continue to be attacked. Consumers want to know where the food comes from. Consumers are coming to the wrong people. I would strongly urge that this bill is passed.

Bart Schott, Farmer, Kulm: (1:13:00) (see attachment #5)

Jerr Effertz, Effertz Black Butte Acres: (1:18:23) (see attachment #6a and #6b)

Senator Klein: (1:21:22) With your involvement at the federal level, some of the information I'm receiving would suggest that the national organization is not looking out for the best interest of the beef producers of the country; that audits have revealed wrong doings. Since you're involved with the federal issues, can you expound?

Jerr Effertz: I would take issue with your comments in terms of the audit finding wrong doing. To the best of my knowledge, while there have been three years of ongoing audits by the department of agriculture and inspector general, while they did find some errors in filing data in appropriate columns, that there was no actual wrong doing or misappropriation of funds. I would go back to the survey released by beef board in terms of the acceptance of the check-off by beef producers around the country. Our focus always is and will continue to increase consumer demand of beef while increasing profitability of the beef producer.

Travis Maddock, Fargo: (1:23:40) testified in support of HB 1238 (see attachment #7)

Vice Chairman Luick (1:30:30) Can you give us some examples of research NDSU has been doing in the beef industry?

Travis Maddock deferred the question to a researcher present from NDSU.

Chairman Miller: There's been some talk about opening markets in China. Do you think you will get to the point where there will be a general diminished support for beef?

Travis Maddock: As we raise price, we'll increase supply.

Chairman Miller: Beef is a harder animal to manage, our hurdles are quite substantial.

Travis Maddock: The check-off is a substantial tool, we can conduct and support research. We're never going to shorten up the generation interval in beef cattle, but through research we are producing more for less. The check-off dollars pay a large role in the research and development of those technologies.

Senator Klein: You spoke about China being ready, the Asian market is bringing the value of the critter up through tripe and tongue. What is the market in China?

Travis Maddock: China has been traditionally been a market for that, they are eating more of the beef. The American beef industry has evolved to be the safest and most tasty beef through research we have done partially with check-off dollars. Other parts of the world are getting a taste for our beef.

Jolyn Warren, Producer, Halliday: (1:35:42) (see attachment #8) (make copies out of binder) testified in favor of HB 1238.

Submitted Testimony from **Margie Hande, Producer, Amidon** (see attachment #9) testimony in favor of HB 1238.

Dale Zimmerman, Peacock Alley Owner: (1:43:10) testified in support of HB 1238. Stated that he was testifying to answer two questions: 1. Why do we need this? 2. What do we get from it?

He used Peacock Alley as an example of how beef can be marketed even when combating price increases. He said that although they have tripled their sales, profit has dropped. He stated that the beef check off is important because it gives restaurants the ability to combat misinformation. He stated that the corporations are going to sell what sells; and unless the beef producers can increase the demand, the restaurants will sell something else.

Chelsey Schafer, Cattle Producer: (1:51:40) (see attachment #10)

Jeff Schafer, New Rockford, ND: (1:53:23) (see attachment #11 and #12)

Submitted testimony from **Jim and Jody Hauge, Mandan** (see attachment #12)

Scott Rising, Soybean Growers Association: (1:55:22) (see attachment #13) Made statements regarding the accountability the Beef Commission undergoes.

Senator Klein: (1:58:10) That check off is not refundable? Is it based on value.

Scott Rising: The soybean check-off is not refundable, ours is based on value.

Sheyna Strommen, Rancher, Morton County: (1:58:40) (see attachment #14)

Submitted testimony from **Justin Bartholomay, NDSU undergrad** (see attachment #15)

Mike Heaton, Rancher in Burleigh County: (2:03:00) The easiest way to support this bill is to support the amendment. A vote would simply be good governance.

Kathy Tokach, Independent Beef Producer: (2:04:13) (see attachment #16a-16b)

Steve Brooks, Beef Cattle Producer: (2:07:40) (see attachment #17)

Submitted Testimony from **Steve Koester, Koester Red Angus** (see attachment #18)

Brian Amendson, BarV Ranch (2:10:40) (see attachment #19)

Submitted Testimony from **Van Amundson, BarV Ranch** (see attachment #20)

Senator Oban: (2:15:34) You talked about some of your experiences in Iowa or NE, do you know if those states are considering an additional check off?

Brian Amendson: I can't speak to those states and what they're doing within their states at this time. There have been fourteen other states that have increased the check-off. Nationally, all the states are committed to the dollar check-off. One thing that is an important emphasis is that this check-off reaches both ND universities research and education and also affects other states and a lot of the research and education in consumer promotion that we need to conduct is on the coasts. Right now in our populace, our dollar spent has more value reaching households that have no connection to agriculture.

Senator Oban: My only concern in looking at this map is that the Midwest states aren't increasing.

Brian Amendson: I know nationally, they are trying to work on this. In my opinion, I think it is good to be in a leadership role.

Grady Thorsgard, Northwood Cattle Feeder: (2:18:00) testified in support of HB 1238. He expressed concern over the group in Washington that's rewriting the dietary guidelines in America and the fact that they are trying to cut out beef.

Opposition

Larry Kinev, Chairman of the Independent Beef Association of ND (IBAND): (2:19:25) (see attachment #21a-e) Expressed concern that the money would go out of state. He said that the fifty cents that the cost of the vote and referendum could be funded by the fifty cents that is currently in the state from the current check-off.

Chairman Miller: (2:22:28) I did receive a message from our attorney, she agrees that they have the "ability to do all things necessary and proper to enforce and administer the chapter."

Larry Kinev: The last refundable check-off paid back approximately 16%. If the refund thing stays in there, the first year it might be 20% or less; people are going to get tired of applying with the refund. Indicated supporting ranchers HB 1238.

Frank Tomac, cattle rancher in Sioux County (2:24:58) (see attachment #22)

Senator Klein: (2:28:30) Would you be in favor of getting rid of the current check-off dollar?

Frank Tomac: That's what I would like to do.

Senator Klein: I know there have been attempts to challenge that check-off. If there was another challenge, you would support that?

Frank Tomac: Yes I would. Secratay Vilsack tried getting that done last fall with another check-off dollar. He tried to implement a new dollar into the check-off system using the 1996 generic check-off act and the NCBA (National Cattleman's Beef Association) opposed it. That's another dollar that probably would've gone to the Cattleman's beef board to do more research, but the leadership opposed it. Why would you support that one and then not support this one?

Senator Klein: Do you attend any of the beef commission meetings?

Frank Tomac: I'm not aware of when the beef commission meetings are.

Senator Klein: Have you submitted your name to be on the beef commission?

Frank Tomac: No I have not. Currently, the ND Stockman's submit names, four members of the ND Stockman's are submitted to the governor for appointed-ship, three of then on the ND Stockman's Association and one of the Feeder Council. The dairy council has a seat on the board, and the livestock marketers have a seat on the board. The three open seats are on the board, but I've never been invited to a meeting or made aware of when the meetings are. Their meetings are not public knowledge.

Fred Smith, Ranch, Wing: (2:32:00) My check-off dollars since 1985 which I voted for, I've used that check-off dollar through these people and I've supported some of the other organizations but I've never asked for the state government to use their power to tax me and take my money directly from an independent business man. He used the pork check-off as an example and comparison.

Gordon Hoberg: (2:41:00) (see attachment #23)

Allen Lund, Cattle Producer, Selfridge: (2:49:00) (see attachment #24)

Dane Braun, ND Farmers Union: (2:52:00) (see attachment #25)

Senator Klein: (2:53:50) Would you support that all the commodity groups provide a referendum? Because your producers contribute a lot of money under commodity groups

and a lot of that money goes for research. The legislature changed the amount of money that was removed from the wheat producers, we also allow for a refund. Why, in this particular case, does your organization opposed or willing to go to a referendum where with other commodity groups you were silent?

Dane Braun: There are 6 councils currently that provide a referendum vote out of all our councils in ND. I was not here for the conversation regarding wheat in particular, I would have to review our policy on what we have on other aspects of other commodities. When it comes to the beef check-off, our members are clear that they would like to see a referendum vote and an opportunity for a refund.

Chairman Miller: What is the difference between how the membership of the boards of these various councils are selected versus beef?

Dane Braun: I believe there are some councils that are elected first that are county representatives that then elect a district member. The districts are set up based on the number of sales of soybeans. For example, some districts are a single county because they produce so many soybeans the districts. I believe the beef commission is appointed by the governor. I believe the wheat commission also has county representatives and those are elected at the county level. I believe the NDSU Extension service runs the election.

Neutral Testimony

Robert Maddock, Associate Professor and Extension Meat Specialist, NDSU: (2:57:18) Submitted testimony (see attachment #26) from **Dr. Eric Berg**. Provided some information on the research NDSU conducts.

Senator Klein: (3:00:58) So what I heard you say was that you don't rely upon the ND research to come from the ND check-off, but there's a couple of projects from the MN check-off dollars and the national check-off?

Robert Maddock: That is correct, we currently have two funded projects with check-off dollars.

Chairman Miller noted that the submitted testimony from Professor Berg is a supporting testimony.

Clark Price, Chairman of the Beef Commission: (3:02:10) state that he was proving neutral testimony and is available to answer any questions. He recognized the current and past board members in the room.

Senator Klein: There were some pretty pointed comments on how you operate the commission. Can you let the committee know when the meetings are, how do you get involved? I would like to hear your side of the story on that.

Clark Price: We have quarterly meetings, four a year. We also have committee meetings for budget, etc. Our meetings are open, anyone can attend them, they are all public record. Like any other board, we have our committee recommendations and have those

recommendations come back to the full board, discuss it, and then vote on it in that manner. We do our spending in the same manner and decide what to fund.

Chairman Miller: a question about the refund provision, how do you anticipate administering something like that?

Clark Price: It would be logical to keep it similar to other commodity groups.

Senator Oban: If this went to a group of producers, do you think it would pass?

Clark Price: From the research that's been done, I think it would pass. I think we have better than 80% of approval of the check-off existing today.

Nancy Jo Bateman, Executive Director of ND Beef Commission: (3:06:00) (see attachment #27a-b)

(3:20:30) The check off dollars we have, although the state is charged with expending half of them, we have to follow the full federal guidelines and they consider it at USDA and the Beef Board that the full dollar has to be under their purview and there is no authorization to use those dollars to do something outside that national check-off program, ie. to help develop or implement a different state program.

Chairman Miller: We made need to talk with some other states in that regard.

Nancy Jo Bateman: There are several states that have done referendums, and I have not talked to them about the process they went through. In several of those states they have one organization that is half check-off and the other half is their producer membership organization, so there may have been other funds available that didn't come directly from check-off funds.

(3:21:48) finished testimony (see attachment #27a-b)

Chairman Miller: (3:25:30) I would like to see the most efficient process to be put into place for the refund process.

Nancy Jo Bateman: The beef commission would also envision as easy a process as we can implement as long as it is consistent with state law. We also do not want to take a lot of time for a very short staff. Once we have a refund application in our hands and all of the documentation is accurate, I would envision that we would be able to have checks back to producers within a week. As far as projections, we dug back to the 1980s and information from other commodity groups and the last time we had refunds, we were looking at approximately a 12% refund rate at the ND Beef Commission. In the fiscal note, that's what we incorporated as a refund rate. Hopefully that is higher than it will ever be.

Senator Larsen: What's your take on the discussion of taxation without representation?

Nancy Jo Bateman: I can only give you from my personal perspective and I have to go back to the list of where those board members came from. I would hope that there is no

one who felt that there was no one that felt that they could not contact the beef commission and we certainly honor any requests and welcome any producers.

Vice Chairman Luick: In your estimation, what kinds of costs would be involved in your office to send out a refund?

Nancy Jo Bateman: I don't have a good hard and fast number; years ago the information from OMB was that it cost them \$5 to issue every check, I honestly don't know. I would have to check with OMB to find out what they feel there is for a cost for a check.

Senator Oban: Foing back to the discussion of a potential referendum, I pulled out the commodity report. What is the "other revenue" from?

Nancy Jo Bateman: The additional income we have: the beef certificate account is strictly a money-in money-out program where we will issue a check that says beef gift certificate on it to a person if they want to give a beef gift, that program costs us money. There's also interest. The other income in there is usually a reimbursement that we would get from other check-off dollars where we will publish our annual report and we would be reimbursed from the national office if there was printing cost, etc. There really is not other sorts of funds.

Senator Oban: The gift certificate is listed as a separate line item, so that must not be included in the other revenue.

Nancy Jo Bateman: Yes, because we have to deposit all of that into the state treasury and then it goes back out of there to the Bank of ND so that runs through the income as well as the expense.

Senator Oban: It's actually listed separately under "other revenue" so clearly that number is not being included in "other revenue" because it is listed separately.

Nancy Jo Bateman: One question I was ready for was, what's the intention if we receive a new dollar. We don't have something in writing for the dollars because we haven't been the initiator behind this legislation because we can't lobby. Some of the discussion that has come up is that there are a tremendous number of possibilities; research will definitely be a high priority. We would also reestablish some of the programs that we have had to cut back on.

There was also submitted testimony from **Jamie and Clair Hauge, Ranchers, Carson:** (see attachment #28)

Submitted Beef Commission expenditure information (see attachment #29).

Chairman Miller closed the hearing on HB 1238.

2015 SENATE STANDING COMMITTEE MINUTES

Agriculture Committee
Roosevelt Park Room, State Capitol

HB 1238
3/12/2015
Job #24757

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Emmery Grothman

Explanation or reason for introduction of bill/resolution:

Relating to an increase in the assessment on cattle; and to provide an expiration date

Minutes:

Attachments: #1-2

Chairman Miller opened the discussion on HB 1238.

Senator Klein: Just for information, we had a lot of discussion about who pays for the referendum. There was also discussion on if it passes is it still refundable under those amendments. I just want clarity on a couple of those things if we pass the amendment that has been offered.

Chairman Miller: It's my understanding in this amendment that all this would do is add to the bill this referendum by mail so that it creates a contingent effective date. This would instead create the effective date after this referendum after this referendum is held and if it should pass it would become effective. The refund/rebate provision all remains intact.

Senator Oban: For the sake of discussion, Julie Ellingson did clarify that money sent back from the federal check-off would be available to be used by the referendum but they did want to say they don't think it is a good use of funds, but I thought it was worth noting that they would be able to pay for it.

Chairman Miller: Yes, and I had that same discussion.

Vice Chairman Luick: My question would be is the amount of money that is needed from this referendum. I'm hearing a low number and a high number and I think we need to clarify that. \$12,500 up to \$100,000.

Chairman Miller: 100,000 is way out of line.

Vice Chairman Luick: I think it is important to identify the efforts going forward to get the referendum in place. I think if that were to happen, I think there would be some other things that we need to consider or consider without the referendum. If we were to have the group that is responsible to get that refund dollar sent back, maybe put a five or six dollar limit on

the individuals that were requesting it back, it's going to be their cost to get that sent back to them so maybe a 5-6 head minimum. We look into the consideration of having a data base where basically the sellers of those cattle put in a onetime application each year. It should not be a cumbersome event, but we should figure out a way that is going to simplify it or not at all. I don't think that for the benefit of the individuals getting their dollar back, those dollars should not be coming from any source than from their pockets.

Chairman Miller: There are a couple schools of thought, the reason there is a possibility of getting money back is because there is no vote being held and the way to appease them is to give them their money back if they don't want to participate in this extra dollar. If we do have a referendum, should we just have it be mandatory? That is probably also an alright consideration.

Senator Warner: To Senator Luick's comment, I think you have a constitutional problem if you could charge someone money to exercise what is their right under the law. A lot of small businesses where the money would have a ten dollar minimum where the money continued to aggregate and they didn't lose their right to the money, the organization wouldn't have to incur the costs of writing the check until it accumulated to a certain level where is made some sense. I think that could be done by the beef commission making a policy that they are not going to issue a check less than ten dollars but stating that you do not forfeit your right to the money, you just have to continue to aggregate it until it reaches the ten dollars.

Senator Klein I've got a lot of folks on both sides so whatever I do here is going to be wrong. We've raised the wheat, soybean, flax check off. And we've resisted removing the mandatory check-off on potatoes. All because I firmly believe that with the ability to refund your dollars, you are making your statement. I don't see that this referendum would point out the way, especially if we can have a referendum and also refund the money. I think we're being consistent here with all of our check offs by providing this refundability.

Senator Larsen: Did we not hear some testimony or inquiry of any of these other check-offs up for a referendum in a first place? I agree, the extra dollar you give, you can get that back. That is your referendum and your vote.

Chairman Miller: I think there is a difference with other commodity groups in regards to how the check-offs are managed. You look at the wheat and the potatoes, they have the power to go in and create their own referendum. They can refer to signatures to make suggestions to raise or lower the check-off but we hold the power here, they can refund their check-offs too. The other thing is that the beef commission is appointed by the governor where as in other commodity groups elect their commission.

Senator Oban: Since we were talking about the process with other commissions, my hang up is if we are going to not have a referendum which I would prefer because I'm not sure we should be making this determination for producers when we have no authority over the money. I think they should be doing this to themselves, I understand that this check-off hasn't been raised. If the refund process is easy, I have less of a hang up on it. But to me, easy in 2015 is different than easy in the 1990s.

She referred to the wheat commission refund process. She stated that there is absolutely no reason why this isn't going to be electronic. We should attach an amendment to make the application available right away. If the cop-out is that they are going to have a refund, then the refund should be easy to get.

Chairman Miller: The commission needs more money to do their business. We can talk about if they are effective or not but they are not going to be very effective if they don't have any dollars to do anything with. Regardless of what we do with mechanics, we all need to agree that there needs to be an increase because they need more money. If there is no will of this committee to adopt this amendment (referring to the referendum amendment) then we need to go in a different direction if we wish to make any changes or we need to move the bill along.

Senator Warner: My comfort level with this check-off would increase if we wrote something in here that it has to be expeditious and electronic forms available.

Chairman Miller offered and explained amendment 15.0559.01005 (see attachment #1). He stated that all commodity groups should probably adopt new language.

Senator Larsen: Shouldn't this be addressed in their rules? Do we have to tell them how to give their money back and do their forms?

Chairman Miller: Yes we do because it's in the law.

Senator Klein: There was some discussion about when we made the refund language the same to maintain consistency across all the commodity groups, is this the same as that?

Chairman Miller: The beef commission is not the same as the other commodity groups, they have a different make up and a different election process--they are not elected, they are appointed. If it were earlier in the game and up to me, I would have put every single commodity group and made this across the board.

Senator Oban provided a copy of the Minnesota Department of Agriculture's Application for Check-off Refund for something to look at in the future if the committee was interested (see attachment #2).

Senator Warner: Do they have a common treasury? How does that work?

Senator Oban: I don't know.

Senator Warner: Could we cut a step out of here? Is there a reason why this can't be done entirely electronically?

Chairman Miller: Without getting some huge fiscal note to do that, this is just putting a form on a website. The commission trying to do transactions online gets into security issues. This cuts out the one step where you have to send a signed written form request a refund form.

Senator Klein: I'm not sure I can support this yet. I'm not sure it's been considered by the groups to see if this is the way to move forward.

Senator Larsen: On that line 16 page 2, it says application within 60 days so we're taking that out so there is no more time frame?

Chairman Miller: No, it would just simply add that they would have to put a form online and if someone requests that orally over the phone

Senator Larsen: I understand where it overstruck that where it takes out the refund, but on line 16 it says within 60 days so it took out the date time. So now I can put in the form 61 days and maybe I can forget about it and do it the last day of the year. Am I wrong in that?

Chairman Miller: In section 2 subsection b, they have to return that form in 90 days. You don't need that 60 day limit.

Senator Larsen: I'm still confused; I thought that section was the part that once they got the form, the check-off people have ninety days to get me that check. Even though I went up to the ninety days, once they get that form they have ninety days to send the check.

Chairman Miller: You have three months to get the referendum information in from the point of sale and then the commission shall refund it after that. The first part says the producer has 60 days to request the form. Now he can just get the form and then he has 90 days to get that to the commission.

Senator Warner: Is there anything in here about multiple submissions on the same date?

Chairman Miller: You just have to get your information to the commission before the ninety days has elapsed from the sale.

Chairman Miller closed the discussion on HB 1238.

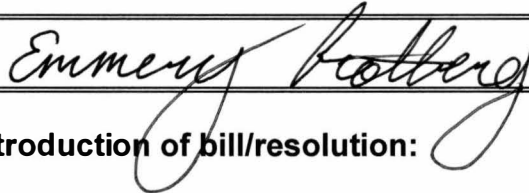
2015 SENATE STANDING COMMITTEE MINUTES

Agriculture Committee
Roosevelt Park Room, State Capitol

HB 1238
3/13/2015
Job #24894

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to an increase in the assessment on cattle; and to provide an expiration date

Minutes:

Attachments: #1-3

Chairman Miller handed out and explained amendment 15.0559.01007 (see attachment #1 and #2) for HB 1238.

Senator Klein passed out amendment 15.0559.01008 (see attachment #3). The amendment would remove the minimum funding fee of five dollars that was in the other proposed amendment.

Senator Klein moved to adopt amendment 15.0559.01008.

Senator Oban seconded the motion.

Senator Warner stated that he would support the amendment. He liked the part that the application may be returned to the commission in person, by mail, or electronically.

Chairman Miller agreed that most people communicated electronically and not necessarily through the mail.

A Roll Call vote was taken. Yea: 6; Nay: 0; Absent: 0.

Amendment is adopted.

Vice Chairman Luick asked a question about the benefit of considering the referendum.

Senator Klein said that at there would be a lot of debate if they considered that. He stated that if Senator Luick was concerned, it could possibly be addressed in the next session or the agriculture commissioner's budget to attach that too. He suggested that at this point they were addressing the issue. He thought that the committee would see in the next session to offer refunds electronically. That will provide for a full interim committee study.

He thought that the public needed to be in and debating that rather than making that decision within the committee.

Chairman Miller: We have the opportunity for the beef commission to take a lead on the electronic submission for refunds. They can probably develop a process and a system and sell it to the other commodity groups. I feel better about the bill with greater ease in the refundability now than I did a few minutes ago.

Senator Warner: This issue is way beyond the scope of this bill but this is the only commodity group that is an appointed board. I think that is an important conversation we need to be having sometime soon.

Senator Oban: I would like to discuss why we decided not to ask the commission to also have the printed application on their website because I think by the amendment we just adopted, it no longer requires the commission to have that also on their website.

Chairman Miller: It doesn't require them, but they certainly can/

Senator Oban: Well then I would like to go on record making a very strong request that that be also available on their website.

Chairman Miller: I think that it is important to them that they have verification and this is new and we can let it stew for a couple years.

Senator Oban: The verification is actually when you send everything back. I mean if they have it available to download on their website, just because I can go on there and download it and print it 5,000 times doesn't mean I'm ever going to be able to get any money because I'm not a producer. So I don't think the verification has much to do with the availability of the form on the website.

Senator Warner: I'm going to disagree with her. I think if they have access to get it electronically, they also have access to fill out the form online. As far as the verification, if they include check numbers from the livestock ring record or invoice numbers, it is pretty easy to build field into the database in which you record that information in a way that is auditable.

Chairman Miller: The amendments now as we have adopted enables someone to still request a form electronically.

Senator Warner: My understanding was that they can fill out the form online.

Chairman Miller: They can do that, it's up to the beef commission to develop that standard

Senator Oban: I just thought that when Senator Warner was talking about the electronic form means you email and ask for it. In my opinion it is a step in between getting it easier to get the refund. Again, I want this to be as easy possible if we are not going to give them the chance to vote on it themselves.

Senator Larsen moved Do Pass as Amended on HB 1238.

Senator Klein seconded the motion.

A Roll Call vote was taken. Yea: 6; Nay: 0 Absent: 0.

Do Pass carries.

Senator Miller will carry the bill.

March 12, 2015

3/13/15
JW

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1238

Page 2, line 15, overstrike "submit to the commission a written"

Page 2, line 15, overstrike "for"

Page 2, line 16, after "application" insert "from the commission"

Page 2, line 16, after the period insert "The request may be made orally, in writing, or in electronic form."

Page 2, line 19, after the period insert "The application may be returned to the commission in person, by mail, or in electronic form."

Renumber accordingly

**2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1238**

Senate Agriculture Committee

☐ Subcommittee

Amendment LC# or Description: 15.0559.01008 (Klein amendment)

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Senator Klein Seconded By Senator Oban

| Senators | Yes | No | Senators | Yes | No |
|---------------------------|-----|----|---------------------|-----|----|
| Chairman Joe Miller | Y | | Sen. Erin Oban | Y | |
| Vice Chairman Larry Luick | Y | | Sen. John M. Warner | Y | |
| Sen. Jerry Klein | Y | | | | |
| Sen. Oley Larsen | Y | | | | |
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Total Yes 6 No 0

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Adopt Klein amendment.

**2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1238**

Senate Agriculture Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Senator Larsen Seconded By Senator Klein

| Senators | Yes | No | Senators | Yes | No |
|---------------------------|-----|----|---------------------|-----|----|
| Chairman Joe Miller | Y | | Sen. Erin Oban | Y | |
| Vice Chairman Larry Luick | Y | | Sen. John M. Warner | Y | |
| Sen. Jerry Klein | Y | | | | |
| Sen. Oley Larsen | Y | | | | |
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Total Yes 6 No 0

Absent 0

Floor Assignment Senator Miller

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1238: Agriculture Committee (Sen. Miller, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1238 was placed on the Sixth order on the calendar.

Page 2, line 15, overstrike "submit to the commission a written"

Page 2, line 15, overstrike "for"

Page 2, line 16, after "application" insert "from the commission"

Page 2, line 16, after the period insert "The request may be made orally, in writing, or in electronic form."

Page 2, line 19, after the period insert "The application may be returned to the commission in person, by mail, or in electronic form."

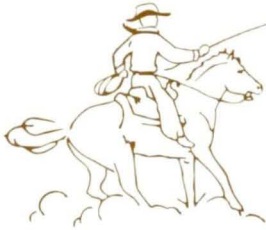
Renumber accordingly

2015 TESTIMONY

HB 1238

1/30/15 #1

North Dakota
STOCKMEN'S ASSOCIATION



407 S. 2ND STREET, BISMARCK, ND 58504
(701) 223-2522
ndsa@ndstockmen.org • www.ndstockmen.org

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HB 1238

Good morning, Chairman Johnson and members of the House Agriculture Committee. For the record, my name is Julie Ellingson. I am a fourth-generation beef producer and I represent the North Dakota Stockmen's Association, an 85-year-old, 3,000-member cattle producers' trade organization.

We are here in support of HB 1238. In fact, our members initiated this legislation through policy passed at our convention a couple of years ago, and that has been in discussion for nearly a decade. The Stockmen's Association has always been a strong supporter of the beef checkoff and was instrumental in helping get the first checkoff put into place decades ago.

The assessment today is \$1 per head, the same as it was when the checkoff first came to be in 1985 – back when leg warmers and parachute pants were in style. But our dollar doesn't stretch as far as it did back then. Inflation, of course, has diminished its buying power to only about 40 percent of what it was at the time of its inception. Plus, lower overall cattle numbers have shrunk the pool of resources our industry has for beef promotion, research and education efforts. As an example, the Beef Commission was only able to allocate \$681 to research last year and has \$0 in the research budget for this year.

At the same time, we have just as many pounds of product to move and our industry has growing needs, whether they are responding to attacks on beef and beef production practices from activist organizations, the research efforts I mentioned or simply communicating with consumers, who, on average, are three or four generations removed from the farm or ranch. That's the genesis for HB 1238.

Here's how it would work: producers would pay an additional dollar, which would be used for the sole purposes of beef research, education and promotion, just like the current dollar. The investment decisions would rest with the grassroots producers serving on the North Dakota Beef Commission, who are armed with the best information to make those decisions and who are charged with giving us the best bang for our buck. In some cases, that might be investment in in-state efforts. In other cases, it might be to pool those resources with partners for national and international programs to influence consumers in more densely populated or higher value markets. A study released by Cornell University last summer indicated that

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the \$1 investment returns \$11.20 to the industry, and we're excited about building on that success by bolstering our resources to a more adequate level.

This isn't a new idea. In fact, a dozen other states – most recently Texas and Kentucky – have adopted an additional beef checkoff beyond the national assessment.

In the formation of this legislation, industry leaders were cognizant of the fact that some, for whatever reason, might not want to contribute to the fund to promote their industry. That's why this legislation was crafted to allow for a 100 percent refund on the additional checkoff, similar to the refund allowances of other state commodity programs. You and your predecessors worked hard through the ag rewrite process in the 2008 interim to provide as much consistency and uniformity amongst the checkoff programs as possible, and this bill maintains your hard work.

It is also important for you to know that there has been ongoing discussions about increasing the existing beef checkoff on the national level, which literally takes an act of Congress. Industry organizations have been working together for several years to find a way to move that forward. I'm pleased to report that there is progress being made, yet still much work ahead. Consequently, you will notice that Section 3 of this bill provides a deactivation clause, if you will, allowing this additional assessment to sunset if the national checkoff is increased. This is another positive feature, assuring that there would not be a piling-on effect if the national checkoff goes up.

Last week in your joint session with the Senate Ag Committee, you talked about opportunities to grow animal agriculture and further development the livestock industry. HB 1238 provides the beef industry the perfect opportunity to do just that. Your favorable consideration of this bill provides progressive, forward-thinking producers the opportunity to invest their own dollars to support their own industry, and gives an out to those who don't want to be part of it. In a session when state resources are in question, it also is a way for cattlemen and women to leverage the state dollars you've committed to agricultural research and education efforts.

It's important for you to know that the Stockmen's Association itself does not stand to benefit from the increase directly. We do not receive the funds or administer the programs. We support this increase because North Dakota beef producers stand to benefit by keeping our product top of mind and in a favorable light with consumers around the world.

Thank you for this opportunity to comment and for your favorable consideration of HB 1238.

DID YOU KNOW

EVERY **DOLLAR INVESTED*** RETURNS **\$11.20?**

Beef Safety Research

Identifies potential risks to beef safety and develops solutions to maintain a safe beef supply for consumers



Public Relations

Proactively shares positive beef messages with consumers, health professionals and other food influencers



Product Enhancement Research

Discovers new ways to improve beef quality, consistency and value, including research focused on new cuts, taste, tenderness and carcass value



New Product Development

Works with industry leaders to develop new beef products, plus shares beef recipes and cooking tips



Advertising

Creates all domestic consumer advertising –radio, print, outdoor and digital – to reinforce how beef is part of their everyday life



Foreign Marketing

Provides beef market development, promotion, research, consumer and industry information in more than 100 countries worldwide



Channel Marketing

Develops all promotions, training and other programs to help promote beef in restaurants and grocery stores



Nutrition Research

Focuses on beef's role in human nutrition as it relates to overall health and well-being



Industry Information

Safeguards the image of the beef industry by responding to, and correcting, misinformation about beef and sharing the beef production story



*From the Cattlemen's Beef Board budget

GET TO KNOW
OUR CHECKOFF
MyBeefCheckoff.com








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THE FACTS



#beef11:1







Funded by the Beef Checkoff.



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Subject:Check off
From:"Mark Seastrand" <Mark.Seastrand@ndbarley.net>
Date:Thu, January 29, 2015 8:48 pm
To:"jellingson@ndstockmen.org" <jellingson@ndstockmen.org>
Priority:Normal
Options:[View Full Header](#) | [View Printable Version](#) | [Download this as a file](#) | [Add to Addressbook](#)
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Hi Julie

At the last North Dakota Barley Council meeting held on Tuesday, the board of directors voted to give the NDSA our support for increasing the beef check off to be used to increase funding for research.

 Mark Seastrand

Call me with any questions
Cell 720 8324

Sent from my iPad

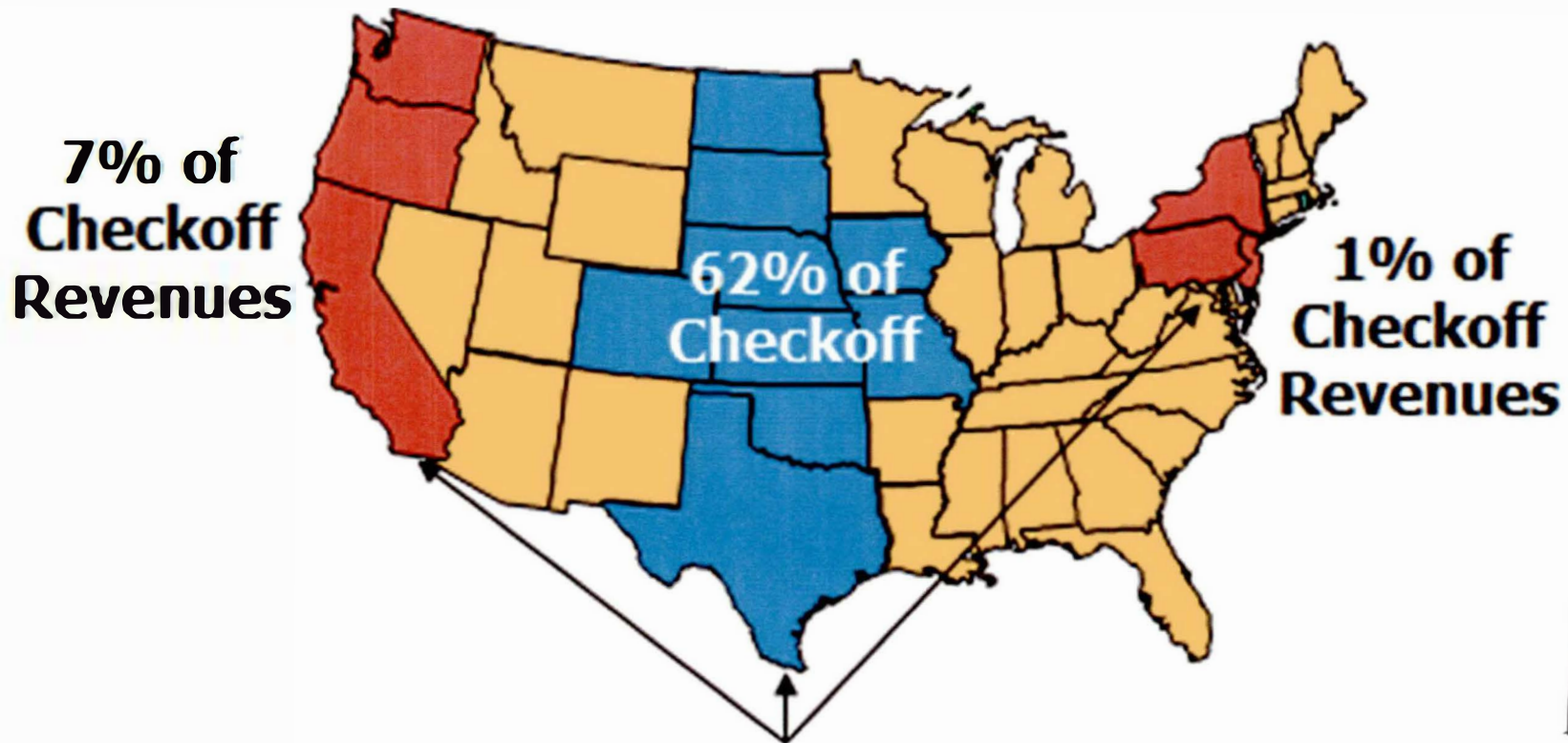
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Why the Federation?



Each color area represents 15% of the U.S. population

Jason Schmidt
1/30/15
HB1238
#2

EFFERTZ BLACK BUTTE ACRES

J.S. (Jerry) & Norma Effertz

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Bismarck, North Dakota 58790-9107

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e-mail: ebba@ndak.net

1/30/15 #3

TESTIMONY – 2015 HOUSE BILL 1238 – BEEF

Jerry S. Effertz

CHAIRMAN JOHNSON, MEMBERS OF THE HOUSE AG COMMITTEE, MY NAME IS JERRY EFFERTZ. I AM A THIRD GENERATION RANCHER FROM MCHENRY COUNTY IN NORTH CENTRAL NORTH DAKOTA. I HAVE BEEN RAISING BEEF CATTLE MOST OF MY ADULT LIFE AND MY WIFE AND I CONTINUE TO OPERATE OUR LIMOUSIN CATTLE OPERATION AS EFFERTZ BLACK BUTTE ACRES.

I AM HERE TODAY TO TESTIFY AS A BEEF PRODUCER IN SUPPORT OF HB1238. WHILE I AM INVOLVED IN MANY OTHER ORGANIZATIONS, I AM HERE TODAY STRICTLY REPRESENTING MY FAMILY'S BEEF OPERATION. HOWEVER AS A MEMBER OF THE NORTH DAKOTA BEEF COMMISSION SINCE 2005 AS A BOARD MEMBER INCLUDING 2 YEARS AS CHAIRMAN, I AM QUALIFIED TO ADDRESS ISSUES RELATING TO THE NORTH DAKOTA BEEF CHECK OFF. IN ADDITION I HAVE SERVED THE PAST THREE YEARS AS ONE OF ONLY 20 MEMBERS ACROSS THE UNITED STATES ON THE NATIONAL COMMITTEE WHICH BUDGETS ALL OF THE FEDERAL BEEF CHECKOFF DOLLARS

DURING THE TIME I HAVE BEEN PRIVILEGED TO WORK WITH THE BEEF CHECK OFF, I AM ADAMANTLY CONFIDENT THAT FUNDS SPENT HAVE RIGIDLY ADHERED TO THE VERY STRICT AND NATIONALLY PRESCRIBED SET OF REGULATIONS ON HOW BEEF CHECK OFF FUNDS CAN BE SPENT. THESE GUIDELINES ARE ADMINISTERED UNIFORMLY IN EVERY STATE IN WHICH BEEF CHECKOFF FUNDS ARE COLLECTED AND DONE IN STRICT COMPLIANCE WITH SEPERATION OF PROMOTION FUNDS FROM ANY POLITICAL OR POLICY DEVELOPMENT.

I AM DEEPLY HONORED TO SERVE ON BEHALF OF NORTH DAKOTA BEEF PRODUCERS ALL ACROSS THIS COUNTRY IN MAKING THESE FINANCIAL DECISIONS. ALONG WITH MY 19 COLLEAGUES FROM ACROSS THE UNITED STATES, WE HAVE DEMONSTRATED THE SAME HIGH DEGREE OF INTEGRITY IN MAINTAINING THE STANDARDS WHICH HAVE BEEN ESTABLISHED FOR 30 YEARS.

OTHERS HERE MAY TESTIFY TO THE NEEDS AND WANTS WHICH THE CHECKOFF PROGRAMS ADDRESS. I AM HERE TO TESTIFY THAT NORTH DAKOTA BEEF PRODUCERS DO TRULY GET AN ENORMOUS BANG FOR THEIR BUCK IN PROMOTING BEEF. THESE DOLLARS ARE ADMINISTERED IN AN EXPEDITIOUS AND EFFICIENT MANNER SERVING THE PROMOTIONAL INTERESTS OF ALL BEEF PRODUCERS. SHOULD ADDITIONAL FUNDS BE AVAILABLE I AM COMPLETELY CONFIDENT NORTH DAKOTA PRODUCERS WILL BE EQUALLY WELL SERVED.

HB 1238

#4a

Brian Amundson
1/30/15

1/29/2015

Legislative Agriculture Committee Members:

I am offering this written testimony to accompany my verbal testimony. I am a fourth generation rancher that operates a cow/calf and feedlot operation and previously owned Maverick Meat Co. a USDA federally inspected processing facility in Stutsman County. I am here today to testify in favor of increasing the state beef check-off by \$1.00/head.

What does the Beef Check-off mean to me and how does it affect by family's ranching business? Through my professional lifetime the Beef Check-off has affected me in many ways. The Beef Check-off is about research, education and promotion of beef and I've witnessed this firsthand in many ways.

1. During my first two years of college I attended Iowa State University and had the privilege of working in the beef research meat lab. While working in the meat lab I participated in helping professors and graduate students conduct research that was funded by Beef Check-off dollars. This research focused on beef product development and consumer education. This enabled me to see how Beef-Checkoff dollars were used to develop value-added beef cuts and further educate processors, retailers, and consumers.

2. After graduating from NDSU with a degree in Animal and Range Science I furthered my education at the University of Nebraska in feedlot management. While at Nebraska a portion of the curriculum was focused on the proper management to add value to the beef carcass. Much of the materials that we studied was research conducted by universities that focused on increasing value of the beef carcass. This research and educational materials were partially funded by Beef Check-off dollars.

3. In my current cow/calf and feedlot operation many of the resources I utilize to improve my management practices and business decisions are based on research and educational information that is funded and provided with Beef Check-off funds.

4. I also owned and operated Maverick Meat Co. located in Jamestown, ND. I extensively utilized Beef Check-off funded educational materials to train and further educate my meat cutters in advanced ways to further process traditional beef cuts into higher valued cuts that met changing consumer preferences. On our retail counter the ND Beef Commission provided me with an array of new recipes and educational pamphlets that focused on outreach directly to the consumer. These promotional items

aided in improving my beef sales. In fact many times customers would just stop by the store to see if we would have new recipes and ideas for them to utilize beef in there meals.

I can wholeheartly say Beef Check-off funded research, educational and promotional materials have allowed my fourth generation ranching operation to be more successful and sustainable for future generations.

The agriculture and beef industry has vastly changed since the inception of the Beef Check-off in 1986. We are now experiencing a diversified global market place. In many places throughout the global geographies household incomes are rising and looking for beef to become a major contributor to their diet. The enhanced development of exports and promotional and educational information internationally is paramount for the North Dakota and US beef industries.

Why the need for a \$1.00/head increase in Beef Check-off funds? As originally stated the current \$1.00/head Beef Check-off was conceived in 1986, since then the beef industry has seen decreased numbers and reduced buying power of the original \$1.00/head. Due to the increased export demands and further need of research, product development, education and promotional outreach; the additional \$1.00/head would significantly advance the North Dakota and United States beef industries footprint both domestically and internationally.

I respectfully submit this testimony for your consideration,



Brian V. Amundson
Bar V Ranch
brian.amundson@barvranch.net
701-269-0532

HB 1238

#46

Van Amundson

1/30/15

January 26, 2015

House and Senate Agriculture Committee Members:

I am offering this written testimony because I am unable to be present at the hearing of this bill. I am a third generation retired beef producer from Stutsman County, North Dakota and am very much in support of adding an additional \$1.00 to our existing state beef check-off. The fourth generation of my family is currently continuing the ranching and agricultural operation. This additional \$1.00 will allow for the continued advancement in research and promotional activities that will maintain and increase the demand for beef.

I have been very involved with the beef check-off both on the state level and the national level. I have supported the state beef check-off and have worked to pass the current \$1.00 national check-off voted in by producers. I served on the North Dakota Beef Commission for six years; two years as its chairman. I also served on the commission for fifteen years as an ex-officio member when I was representing North Dakota and all of the United States beef producers on the national level. I represented North Dakota on the National Livestock and Meat Board and on the merged successor organization; the National Cattleman Beef Association(NCBA)—Check-off Division. I was a member and chairman of the Beef Safety Joint Committee of NCBA and the Cattleman's Beef Board, Vice Chairman and Chairman of the Check-off Division of NCBA, Budget Committee Chairman and the Treasurer of NCBA for four years.

I have detailed my involvement in the beef check-off because over this tenure I have seen what the beef check-off has accomplished. This includes increasing the demand for beef through research, promotion, advertising and consumer education. This was all funded and directed by producers like myself from all over the United States.

We need at this time to augment these beef check-off funds and join other major beef producing states who have already passed additional state check-offs to enhance the producer directed beef check-off programs. The existing \$1.00 buys less than 50% of what it could buy when the national check-off was passed. The beef industry has experienced reduced cattle numbers resulting in less check-

✓

off dollars collected. The reduced buying power of the original \$1.00 and the decline in cattle numbers have greatly reduced the ability of the check-off to effectively fund research, education and promotion.

When this legislation is passed this additional check-off income will be used by the North Dakota Beef Commission to further enhance research, education and promotion to increase demand for all North Dakota beef producers.

I respectfully submit this testimony for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Van E. Amundson".

Van E. Amundson

BarV Ranch

Jamestown, North Dakota

1/30/15

#5

HB 1238

Good morning Chairman Johnson, Vice Chairman Trottier and members of the House Agriculture Committee. For the record, my name is Sheyna Strommen. My husband and I ranch near Fort Rice in Southern Morton County along with our three young children. I'm here today in support of House Bill 1238.

As a beef producer, I am proud to pay the Beef Checkoff, because as a mother I benefit from the nutrition-based information researched and shared through the Beef Checkoff. For example, the Checkoff-funded BOLD study – beef in an optimal lean diet – helps moms like me understand the value of beef in a healthy lifestyle. Protein is all the rage these days. And, beef is an excellent source. Did you know that for about 150 calories, a 3 ounce serving of beef gives you half of the recommended daily value of protein – one of the most satisfying nutrients? Thanks to the Beef Checkoff, I know this information and I can share it with you!

Did you know that folks who include beef in their heart-healthy lifestyles will *improve* cholesterol levels? Did you know that the industry – through the Beef Checkoff – has developed more than 30 cuts of beef that meet the USDA's standards for lean? Thanks to the Beef Checkoff, I know this information, and I am sharing it with you.

Checkoff research into new cuts of beef helps moms like me stretch our food dollar by finding less expensive cuts that are just as nutritious, flavorful and tender as our traditional favorites. The Beef Checkoff helps grocery shoppers and meal-makers like me understand safe cooking techniques, and which cut of beef is most appropriate for that technique. The "Beef So Simple" e-mail service sends me sizzling recipes and great tips twice a month – helping me find flavorful, quick and easy meal solutions for my family. But I want more – I want an app for my iPhone so when I'm grocery shopping, I can have a plan that includes beef.

I'm a beef producer who is interesting in sharing positive beef messages with consumers. The Beef Checkoff has developed an online spokesperson training program, called the Masters of Beef Advocacy – or "MBA" for short. The program has helped me

learn more about the entire industry and has helped me shape the message I have been sharing with my non-ranching friends and family.

We need more programs like this – programs that help young families understand the value of beef in their diets and help us – as beef producers – answer their questions about how beef is raised and how grazing cattle helps improve the environment.

The beef community faces challenges from outside influencers who are continually spreading misinformation about our livelihood and about beef's role in a healthy lifestyle or in the environment. The best opportunity we have to push-back on those lies is through peer-reviewed research studies. Cattlemen and cattlemen like me need facts to back up our feelings. North Dakota has a phenomenal opportunity at North Dakota State University to be a leader in answering some of the questions facing our industry. This type of important research needs funding.

Cattle outnumber people three to one in North Dakota. We cannot possibly consume the amount of beef we produce. Therefore, we need to promote our product in areas where people outnumber cattle - like New York City, San Francisco, Chicago. Through the Beef Checkoff, states like North Dakota can partner with other states to deliver this important message in key areas. I support those partnerships on both a state and national level they've helped fund some of the projects I referenced before. They are a wise and prudent use of my dollar . . .and with your support of HB1238, my two dollars.

I respectfully ask you to give this bill a do-pass recommendation. Thank you.

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1/30/15

#6

Good Morning Chairman Johnson and members of the Agriculture Committee. For the record my name is Tom Lilja and I am the Executive Director of the North Dakota Corn Growers Association.

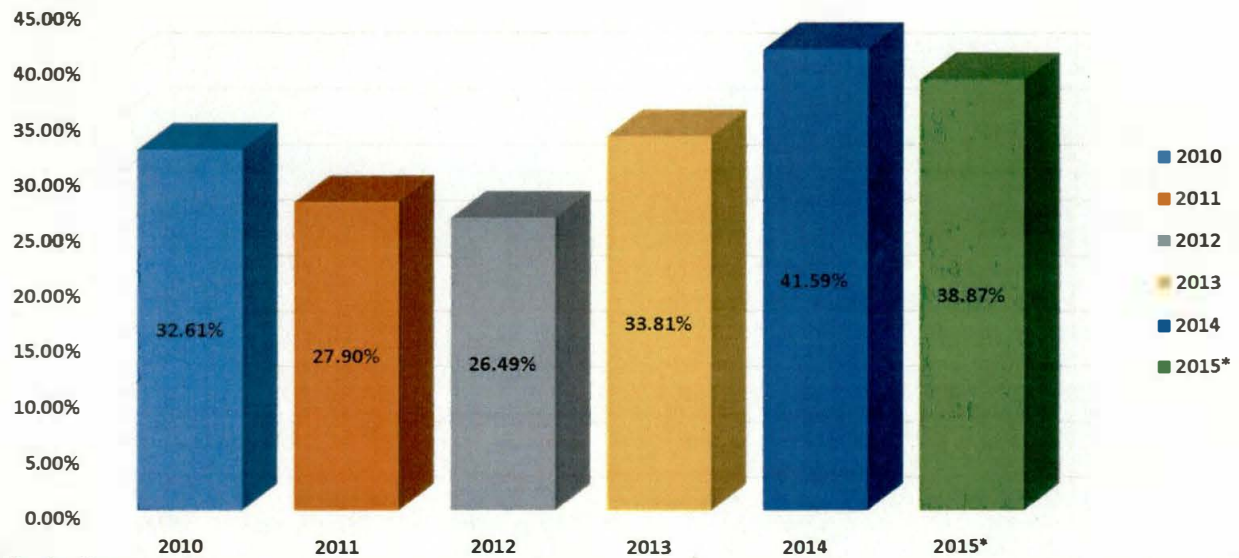
The North Dakota Corn Growers Association stands in support of HB1238. Since our inception by legislative action in 1991, the North Dakota Corn Utilization Council (Corn Council) has contributed research funding towards animal agriculture. I am including in this testimony the research expenditure history of the Corn Council over the past 5 years. You can see that between 26% to 41% of our annual budget's have gone to research projects in the years 2010 to 2014 with 2015 estimates included. While obviously a significant amount of our research budget does go to agronomic and value added projects, the livestock committee on the board does recognize the importance of animal agriculture to our state and has been supportive of projects that evaluate animal performance fed Dry Distillers high protein Grains (DDGS), a by product of the ethanol production process. More recently, the Corn Council has contributed to a collaborative study between NDSU animal science researchers and the university of Lethbridge, Alberta through the US Grains Council to evaluate animal gain and carcass quality with different oil content levels of DDGS.

The Corn Council is also very enthused about the recent announcement of the National Agricultural Genotyping Center (NAGC) being located near the NDSU campus. The ramifications of this new center to the animal sciences and to food safety are profound. I have read into the fact that the \$1.00-per-head beef checkoff rate has not changed since 1986 and that the buying power of that \$1.00 is less than half of its value since 1986.

Members of the committee, In 2011-13 the North Dakota Legislature invested in regional soil health specialists to address the increasing problems of soil salinity that our producers are facing. The Corn Council has strategically funded projects put forth by these specialists to address these problems. In 2009-11 the Legislature also invested \$2.6 million dollars in the Beef Research Center at NDSU. This facility has helped attract quality research personnel. Our view is that to better utilize this investment and the promise of new technology that the National Ag Genotyping Center holds that producers be allowed to voluntarily contribute an additional \$1.00 per head to the beef check off.

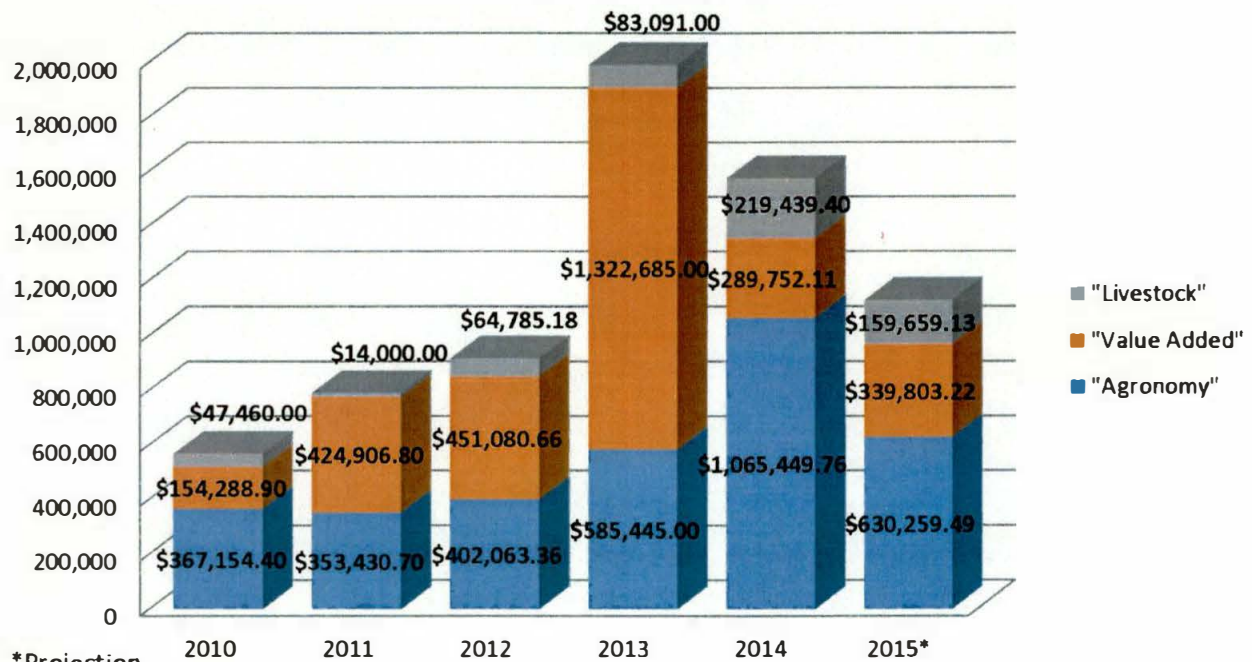
Thank you for your time and I would be happy to answer any questions.

Research Expense by % of Revenue



*Projection

Research Expense



*Projection

2015/2016 Approved Research Funding

| Research Project - Agronomy | Contracted Funds |
|--|-------------------------|
| Carena - Breeding The Next Generation of Short Season Corn Products | \$185,813 |
| Cooper - CCSP Corn Plots | \$84,878 |
| Franzen - Potassium Recalibration for Corn | \$103,994 |
| Franzen - N2 Recalibration | \$19,950 |
| Friskop - Developing a Corn Plant Pathology Program at NDSU | \$60,000 |
| Rahman - Gas Analyzer | \$25,000 |
| Ransom - Technical Suport for a Revised Corn Hybrid Testing Program | \$125,345 |
| Wick - Developing Treatments of Interest to Producers at the SHARE Farm | \$62,707 |
| Wick - Research & Extension Efforts at the SHARE Farm | \$66,258 |
| Wick - Influence of Soil Salinity Gradients on Corn Production of Anthropod Pest Infestations | \$72,540 |
| | |
| Research Project - Value Added | |
| Bajawa, D. - Corn DDGS - A Novel Functional Material for Wood Composites | \$17,515 |
| Bajawa, S. - Biocomposite DDG | \$21,670 |
| Hahn - Gluten Free Product Research Using ND Corn & Corn Co-Products | \$35,000 |
| Hall - Multifunctional Natural Food Additive From Corn & Dried Distiller Grains | \$28,680 |
| Jiang - Corn Residual Derived Carbon Nanosheets for High Volume Battery | \$29,596 |
| Knodel - Evolution of BT Resistant Insects | \$76,156 |
| Ripplinger - Adding Value to Northern Corn | \$39,802 |
| | |
| Research Project - Livestock | |
| Anderson - Beef Production Internship: Investing in Future Corn Consumers | \$10,448 |
| Anderson - Effects of Fat Level in Distillers Grain Fed with Corn or Barley on Steer Performance | \$75,811 |

1/30/15

#7

Good morning. It is an extreme honor and privilege to be speaking here today alongside some of my role-models within North Dakota's beef cattle industry. As I'm sure you've noticed, I am the youngest person to speak in favor of House Bill 1238, so with that I bring about a unique perspective.

My name is Justin Bartholomay and I grew up on a ranch located just north of Sheldon, ND, in the southeastern part of the state, where we raise Simmental cattle. From a young age of helping dad and papa feed cows and check for newborn calves, I knew the agriculture industry had a future for me. This May I will be graduating from North Dakota State University with my Bachelor's Degree in Animal Science and I'll be the first of my family to receive such a diploma. Going back home to acquire the family farm has always been in my future plan, and quite frankly, I want that idea to become a reality and not simply a dream.

You see, I've had the fortunate opportunity to travel many places and see many things throughout my college career, which has led me to visiting with multiple students of varied interests and backgrounds. Through these conversations, I've seen firsthand the importance to promote the beef cattle industry; to insure that it stays strong for not only right now, but for many years down the road.

Consumers aren't at all who they used to be. Now days, they constantly thrive for more information telling them about the safety of their food. Information that wouldn't be feasible to give without the funding of Beef Checkoff dollars. Today's consumers, especially my upcoming millennial generation, are very dependent on technology, and look to social media platforms to find a lot of the information about the food they eat. These forms of social media are also where a lot of animal activists list false information about the way beef cattle are produced, processed,

House Bill 1238
Justin Bartholomay - Proponent

and placed on millions of plates across the nation. The disconnect between consumers and the food they eat is greater now than ever before, thus making it even more important to market our product the best we can. Something we simply can't do, without more fiscal leverage. If we don't increase our efforts in promoting our industry, I, personally, worry about what my future may incur as a progressive and upcoming beef producer.

And honestly, I'm trying my best to self-promote the life I want to live, because I care so much about it.

A couple years back I was lucky enough to be the North Dakota Beef Ambassador, and with that role I was able to inform consumers of all ages about beef cattle in North Dakota. This program has, more or less, been the "ah-hah" moment of my life, because it was when I first realized what I wanted to do for the remainder of my life: raise cattle and promote my livelihood to others. This program helped shape my drive and passion, and wouldn't have been possible without its' funding from the Beef Checkoff.

After that journey, I chose to further my advocating knowledge by completing a program called the Masters of Beef Advocacy. Through this program I learned better how to communicate effectively with consumers and talk about the hot-button issues that arise within the beef cattle industry. This program too would not be possible without funding from Beef Checkoff dollars.

All in all, by increasing the Beef Checkoff dollar, I will be able to breath a little easier, sleep a little heavier, raise cattle a little calmer, but most importantly, I'll have the resources to advocate a little better.

Thank you and at this time I would like to entertain any questions.

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1/30/15

#8

Good morning Chairman Johnson, and members of the House Ag Committee. For the record my name is Larry Kinev, am the Board Chairman of the Independent Beef Association of North Dakota.

I stand opposed to House Bill 1238. While we all agree that promotion, research, and market development, both foreign and domestic, are very important to everyone in our industry, our industry is divided as to this bill's integrity, efficiency, and efficacy.

Our current Check Off has become a network of buerocracies fueled by their own redundancy. It is a tiered system consisting of our State Beef Council, The Cattlemans' Beef Board, the Federation of State Beef Councils, Beef Promotion Operating Committee, and the National Cattlemans' Beef Association: NCBA a policy organization.

Our Norh Dakota Beef Commission collects \$1.00 from each head of cattle sold, of which 50% is sent directly to the Cattlemans' Beef Board. From this revenue administrative costs are capped at 5%. The remainder of the original dollar is retained by the North Dakota Beef Commission who spend approximately 40% of their half of the Check Off revenue on administrative costs. So of the original dollar collected there is now 78.5 cents left.

The North Dakota Beef Commision is one of 44 seperate state beef councils. These 44 councils consist of 660 directors all of which are elgible to become directors of the Federation of State Beef Councils. The Federation has 85 seats available for purchase. The purchase of a seat on the Federation is considered "investing" in the Federation, although all checks are to be made to the NCBA. The Federation collects approximately \$11,000,000 of which roughly 50% is spent on administration.

The Federation, a non-legal entity as they do not file a 990 form, ultimately falls under the umbrella of the NCBA, a policy organization. All The NCBA is funded partially by member dues and partially through the Beef Check Off. Of the approximately \$85 million collected by the Check Off, the NCBA recieves roughly \$55 million(See supporting document Beef USA, page 2, from NCBA Website). 97% of all Check Off funds are contracted through the NCBA. I have provided examples of Authorized Requests(ARs) for comparison.

The first example(A) from North American Meat Association AR, CBB Budget Category: Promotion, total cost \$631,250 Direct Costs: \$511,175 Implementation Fee: \$120,075. Implementation costs 23.48%.

Second example(B) from the National Cattlemans Beef Association. AR Title: Retail Marketing. CBB Budget Component: Promotion. Total Cost \$2,277,000. Implementation costs are not given or added to total cost. I found actual implementation fees listed in a seperate AR. Implementation cost \$2,046,137. Implementation cost is 89%. for every dollar of direct cost, 90 cents was spent on implementation. I have a problem with that. Implementation is taking such a bite out of that Check Off dollar we are not seeing it put to work. Several times a week I will be watching television and see an advertisement for California Dairy. How can 1 state's dairy industry afford to buy themselves that kind of national exposure? The Checkoff collects funds from nearly every state yet that money has bought producers nearly zero exposure on a national scale. When was the last time you saw a "Beef, Its what for dinner" or any other beef related marketing on television?

HB--1238 Makes no mention of how additional assessments would be directed. Would our legislature raise the cow tax, only to send the funds out of state? HB-1238 includes a refund provision, but makes no mention of an escrow account made to hold money for that refund. The most serious problem with this bill is that it excludes the tax paying cattleman, most of whom know little to nothing about HB-1238, and they deserve to participate. For that reason I ask that a member of this committee offer the following ammendment.

On behalf of those thousands of producers across the state of North Dakota I ask for consideration and adoption of the following amendment.

Amendment to HB-1238

The North Dakota Beef Commission shall, after giving official notice through public press and state wide newspapers, offer a vote for qualified checkoff participants eighteen years of age or over. Passage would require a simple majority.

After two weeks notice of election, participants shall have no less than ten business days to prove participation in the check off within a year prior to the date of the election. Once qualification is established voters may obtain a ballot from polling locations deemed most convenient by the commission within the county of their residence.

A vote of participating producers shall be held every 5th year thereafter to continue or reject additional dollars to the state beef checkoff.

I support the following testimony NOT to
Increase the N.D. Beef checkoff 1 dollar
as in House bill 1238

| | |
|----------------------|---|
| Bill Adams | 121 ^{4th} ST NW Steele N.D. 58482 |
| Terry Landinberger | 2465 19th Ave. S.E. Tuttle, N.D. 58488 |
| Monte Dralle | 10002 275th NE. Sterling, ND 58572 |
| Loren Krein | 1865 255th SE Tuttle ND 58488 |
| Man Baur | Steele ND 58482 |
| Paul Brouwer | Steele ND 58482 |
| Robert Bosch | 5115 26th Ave SE Kintyre N.D. 58549 |
| Myron E. A. | Myron E. A. 3745 30th St SE Dawson ND 58428 |
| Mark Janke | 4890 26th Ave SE, Steele, ND |
| Jim Larson | 2626 47th SE Steele ND 58482 |
| Ray Larson | 2626 47th St SE Steele ND |
| Dustin Mock | 4635 21th Ave Steele ND |
| Mike Ruy | 4275 25th Ave SE Steele ND 58482 |
| Clayton Martin | 4030 26th Ave SE Steele ND 5842 |
| Jeff Bell | 2880 35th Ave SE Dawson ND 58428 |
| Douglas Landenberger | 2856 16th St SE Tuttle, N.D. 58488 |
| Judy Landenberger | 2856 - 16th St SE Tuttle, ND 58488 |
| Ray Archibald | 2485 43 St SE Steele ND |
| Mark J. Otter | 1850 45th St SE Driscoll, ND |

AUTHORIZATION REQUEST FOR FY 2014

CBB Budget Category: Promotions

Name of Contractor: North American Meat Association

Name of Organizations Subcontracting:

A

I. OVERVIEW

A. AR Description: This work plan supports the Beef Industry Long Range Plan by targeting the Millennial audience and focusing on demand drivers including value, taste, health and nutrition, and convenience while enhancing industry transparency and consumer trust. The main focus will be in two primary areas: 1) Channel Marketing, 2) Consumer Communication. The Strategy will continue to increase sales for veal with current users and create a positive position for veal with the Millennial demographic, attracting new users to the category, and establishing a value proposition to make veal more attractive to channel decision makers. The updated nutritional information developed from the FY13 AR will be implemented in this program.

B. Costs Requested from this AR:

| Source of Funding | Total | Direct Costs | Implementation |
|-----------------------------------|------------------|-------------------|-------------------|
| Beef Board/BPOC | \$ 631,250 | \$ 511,175 | \$ 120,075 |
| Federation of SBCs (FSBCs) | \$ | \$ | \$ |
| Other Sources (<i>describe</i>) | \$ | \$ | \$ |
| Total Funds Requested | \$631,250 | \$ 511,175 | \$ 120,075 |

C. Start date: 10/1/2013

Completion date: 9/30/2014

IMPLEMENTATION
COST 23,482

II. PLANNING INFORMATION FOR THIS AR

A. Long Range Plan Core Strategies/Demand Drivers Addressed by This AR: Improve domestic consumer preference for beef

Demand drivers addressed include: convenience, value, taste and nutrition and health

B. Committee(s) recommendations for work plan funded by this AR:

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AUTHORIZATION REQUEST FOR FY 2013

AR Title: Retail Marketing

Name of Contractor: National Cattlemen's Beef Association

CBB Budget Component: Promotion

B

I. OVERVIEW

A. AR Description: Over 50% of all domestic beef volume in the U.S. is sold through the retail channel. In 2011, the domestic retail channel moved nearly 4.2 billion pounds of fresh beef valued at \$17.0 billion.

A comprehensive Retail Marketing Program focused on stimulating short-term beef sales and maintaining long-term beef demand in America's 37,000 supermarkets, wholesale club stores and military commissaries is critical to beef industry profitability.

This program will stimulate beef sales at retail through promotional partnerships with retailers and food and beverage companies and by introducing beef merchandising and education programs at the meat case. Both of these strategies use tactics that leverage checkoff investments and expand the placement, overall use and visibility of beef in the retail channel. In addition, systems have been created that provide consistent product identification and access to accurate scan data that is essential to evaluating programs and monitoring beef's performance in the channel.

All of these elements are supported by ongoing communication and outreach efforts that ensure access to – and build solid relationships with – the key decision makers and influencers throughout the retail food industry.

B. Costs Requested from this AR*: \$2,277,000

| Source of Funding | Total Costs | Direct Costs | Implementation** |
|------------------------------|---------------------|---------------------|------------------|
| Beef Board/BPOC | \$ 1,976,033 | \$ 1,976,033 | |
| Federation of SBCs (FSBCs) | \$ 300,967 | \$ 300,967 | |
| Other Sources (describe) | | | |
| Total Funds Requested | \$ 2,277,000 | \$ 2,277,000 | |

* Only Direct Costs are being requested in this AR.

Total estimated Implementation for this AR is \$2,046,137; implementation by Tactic in Table IV.

** Implementation for this and other PROMOTION ARs requested in separate AR R-00-2013.

IMPLEMENTATION
COST 89.8%

C. Start date: 10/1/2012

Completion date: 9/30/2013

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AUTHORIZATION REQUEST FOR FY 2013**AR Title: IMPLEMENTATION****Name of Contractor: National Cattlemen's Beef Association****CBB Budget Component: Promotion****I. OVERVIEW**

A. AR Description: Program implementation is those staff and indirect costs that are allocated to BPOC approved projects within this budget component during fiscal year 2013. These expenses are allocated based upon the percentage of actual amount of staff time spent executing BPOC approved promotion programs.

| | | |
|----------------------------|----------------------|---------------------------|
| B. Funds requested: | Beef Board/BPOC | \$4,258,213 |
| | Federation of SBCs | <u>\$ 680,005</u> |
| | Total Funding | <u>\$4,938,218</u> |

C. Start date: October 1, 2012 **Completion date:** September 30, 2013

II. IMPLEMENTATION INFORMATION**A. Project Leader(s)**

- Bo Reagan
- J. Henger

B. Program areas addressed

- Advertising
- Foodservice Marketing
- New Product & Culinary Initiatives
- Retail Marketing
- Veal

C. Implementation Budget

- Total Implementation Budget: **\$4,938,218** (FY2012: \$4,793,641)

III. DETAILED BUDGET SUMMARY:

Detailed Budget Summary of Current Authorization Request

| Strategy & Tactic | Program Manager | Completion Date | Total Budget | Budget by Source | |
|-------------------|-----------------|-----------------|---------------------|---------------------|-------------------|
| | | | | CBB/BPOC | FSBCs |
| Advertising | M. Murray | 09/30/13 | \$ 463,985 | \$ 400,094 | \$ 63,891 |
| Foodservice | J. Henger | 09/30/13 | \$ 736,800 | \$ 635,339 | \$ 101,461 |
| Retail | J. Henger | 09/30/13 | \$ 2,046,137 | \$ 1,764,380 | \$ 281,757 |
| Veal | R. Husted | 09/30/13 | \$ 293,957 | \$ 253,476 | \$ 40,481 |
| New Product | B. Reagan | 09/30/13 | \$ 1,397,339 | \$ 1,204,924 | \$ 192,415 |
| AR Totals | | | \$ 4,938,218 | \$ 4,258,213 | \$ 680,005 |

actual implementation
cost 89.8%

Summary of Prior Year AR Budgets and Expenses

| Strategy | FY 2012 Approved Budgets | | | FY 2012 Actual Expenses (NCBA's as of 5/31/12) | | |
|------------------|--------------------------|-------------------|---------------------|---|-------------------|---------------------|
| | CBB/BPOC | FSBCs | Total | CBB/BPOC | FSBCs | Total |
| Advertising | \$ 303,718 | \$ 51,217 | \$ 354,935 | \$ 240,730 | \$ 40,595 | \$ 281,325 |
| Foodservice | \$ 316,615 | \$ 53,392 | \$ 370,007 | \$ 270,256 | \$ 45,574 | \$ 315,830 |
| Culinary Center | \$ 940,565 | \$ 158,611 | \$ 1,099,176 | \$ 465,855 | \$ 78,559 | \$ 544,414 |
| New Product | \$ 576,474 | \$ 97,213 | \$ 673,687 | \$ 248,731 | \$ 41,945 | \$ 290,676 |
| Retail | \$ 1,642,878 | \$ 277,044 | \$ 1,919,922 | \$ 1,172,985 | \$ 197,804 | \$ 1,370,789 |
| Veal | \$ 321,670 | \$ 54,244 | \$ 375,914 | \$ 146,399 | \$ 24,688 | \$ 171,087 |
| AR Totals | \$ 4,101,920 | \$ 691,721 | \$ 4,793,641 | \$ 2,544,956 | \$ 429,165 | \$ 2,974,121 |

C1

Historical Summary of Budgets and Expenses

| | Total Approved Budgets | | | Total Actual Expenses | | |
|-------------------|------------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|
| | FY 2011 | FY 2010 | FY 2009 | FY 2011 | FY 2010 | FY 2009 |
| Strategy & Tactic | \$ 4,643,166 | \$ 4,550,602 | \$ 4,590,200 | \$ 4,237,449 | \$ 4,251,484 | \$ 4,069,746 |
| AR Totals | \$ 4,643,166 | \$ 4,550,602 | \$ 4,590,200 | \$ 4,237,449 | \$ 4,251,484 | \$ 4,069,746 |

8

National Cattlemen's Beef Association

From Wikipedia, the free encyclopedia

National Cattlemen's Beef Association or **NCBA**, an advocacy group for beef producers in the United States, reports that it works "to increase profit opportunities for cattle and beef producers by enhancing the business climate and building consumer demand."

The NCBA operates the Cattle Industry Annual Convention & Trade Show and Cattle Industry Summer Conference.



Logo of the National Cattlemen's Beef Association.

Contents

- 1 Advertising campaign
- 2 Legislation
- 3 Financial background
- 4 See also
- 5 References
- 6 External links

Advertising campaign

The NCBA is the group responsible for the ad campaign run in the U.S. using the slogan "**Beef. It's What's for Dinner**" Music from the ballet *Rodeo* by Aaron Copland is used in the radio and television commercials. On January 21, 2008, Matthew McConaughey became the current spokesman of the organization, having taken over from Sam Elliott and the late Jim Davis and Robert Mitchum.

Legislation

The NCBA supported the Farmers Undertake Environmental Land Stewardship Act (H.R. 311; 113th Congress), a bill that would require the Environmental Protection Agency (EPA) to modify the Spill Prevention, Control, and Countermeasure (SPCC) rule, which regulates oil discharges into navigable waters and adjoining shorelines.^[1] The rule requires certain farmers to develop an oil spill prevention plan that is certified by a professional engineer and may require them to make infrastructure changes.^[1] According to supporters, this bill would "ease the burden placed on farmers and ranchers" by making it easier for smaller farms to self-certify and raising the level of storage capacity under which farms are exempted.^[2] The NCBA's president said that they were "pleased" that the "bill will keep many of our producers from having to undertake excess costs as a result of the EPA's overregulation."^[2]

The NCBA supported the Water Rights Protection Act (H.R. 3189; 113th Congress), a bill that would prevent federal agencies from requiring certain entities to relinquish their water rights to the United States in order to use public lands.^{[3][4]}

Financial background

The National Cattlemen's Beef Association is funded partially by membership dues and partially through the Beef Checkoff which imposes a mandatory assessment each time a head of cattle is sold^[5] This tax, which was authorized by Congress in the Beef Promotion and Research Act of 1985, brings in around \$85 million a year, of which the NCBA receives roughly \$55 million.^[6] The constitutionality of the mandatory assessment was called into question with the hearing of the Supreme Court of the United States case *Johanns v. Livestock Marketing Assn.*,^[7] in which the justices ruled in favor of the tax in a 6-3 decision.

See also

- Got Milk?
- Wise Use Movement

References

1. ^{a b} "H.R. 311 - CBO" (<http://www.cbo.gov/publication/44719>). Congressional Budget Office. Retrieved 10 March 2014.
2. ^{a b} "Committee passes legislation to ease burden of SPCC program" (<http://www.hpj.com/archives/2013/dec13/dec23/1104FUELSActsr.cfm>). *High Plains Journal*. 23 December 2013. Retrieved 11 March 2014.
3. ^a "H.R. 3189 - CBO" (<http://www.cbo.gov/publication/44956>). Congressional Budget Office. Retrieved 11 March 2014.
4. ^a "Urge Congress to Support of the Water Rights Protection Act" (<http://capwiz.com/beefusa/issues/alert/?alertid=62952666>). National Cattlemen's Beef Association. Retrieved 12 March 2014.
5. ^a "I All About The Beef Checkoff" (http://web.archive.org/web/20070928071648/http://www.arkansasbeef.org/all_about_the_beef_checkoff.htm). Web.archive.org. 2007-09-28. Archived from the original (http://www.arkansasbeef.org/all_about_the_beef_checkoff.htm) on 2007-09-28. Retrieved 2010-12-14.
6. ^a "A Serious Beef with the National Cattlemen's Beef Association" (<http://multinationalmonitor.org/mm2000/00july-aug/interview3.html>). Multinationalmonitor.org. Retrieved 2010-12-14.
7. ^a "*Johanns v. Livestock Marketing Association*" (http://www.oyez.org/cases/2000-2009/2004/2004_03_1164). Oyez.org. Retrieved 2010-12-14.

External links

- Official site (<http://www.beefusa.org/>)

Retrieved from "http://en.wikipedia.org/w/index.php?title=National_Cattlemen%27s_Beef_Association&oldid=606828895"

Categories: American cattlemen

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10

1/30/15

#9a

Testimony by Dwight Keller
HB 1238
House Agriculture Committee

Chairman Johnson and Members of the House Agriculture Committee,

I am Dwight Keller, a 5th generation rancher. I'm a member of the Independent Beef Association of ND (I-BAND), the North Dakota Stockmen's Association (NDSA), ND Farmer's Union and ND Farm Bureau.

I am here to testify on behalf of I-BAND in opposition to HB 1238. I-BAND has policy to oppose raising the beef checkoff.

I was in attendance at the NDSA's convention in 2013 when they voted to increase the state beef checkoff. At that time, they claimed to have approximately 80 % approval for the checkoff, but it was also shared that the information was from a very small sample of their members. I suggested they let all the producers in the state vote on the proposed increase, since they estimate that they have high approval of the checkoff. As the debate went on, they thought that since the checkoff is refundable, it would be okay to raise it without a vote. It was suggested to make it an opt-in program so that producers that want to contribute the proposed additional checkoff, can do so, and those who do not want to contribute, would not have to go through the work associated with receiving a refund. This idea was not supported, so are there really approximately 80 % of the producers that support an increase in their checkoff assessment? This should be an industry wide decision and not any one organization's decision.

Most state checkoffs spend a big percentage of their funds on research, but the ND Beef Commission does not. Included with my testimony is the 2014 audit of the ND Beef Commission. The ND Beef Commission reports that about 40 - 45% of the budget is used to administer the program. Only \$681 were spent on research. Last year they sent \$137,232 to national and international programs that are subject to huge implementation fees and there was \$75, 883 of unspent funds. With a year-end balance of \$270,055 why were no research projects initiated or funded?

When the ND Beef Commission sends money to the Federation of the State Beef Councils (which has no bank account), it goes directly to NCBA or to the United States Meat Export Federation (USMEF). You should also know that NCBA spends approximately \$12.5 million annually in implementation costs.

I went to Orlando, Florida with another producer during the summer meeting a few years ago. We flew out at our own expense, but could not justify staying at the Gaylord Estates where the meeting was being held. The registration fees seemed unreal, as were all the costs associated with that meeting. We did get an education that summer as to how some of our checkoff funds are spent.

Most farmers and ranchers would be in favor of a good beef checkoff, but we need to fix problems we have, at the state and national level, before we go forward with increasing the checkoff on cattle producers who do not support it.

When the national beef checkoff program was started in 1985, I remember arguing with my Father that we should all have to pay into the checkoff. He said in no uncertain terms, that it should never be a mandatory, because it involved too much money and we'd lose accountability for that money someday. As they say, Father knows best.

Thank you for listening. This is an important issue to all of the beef producers of North Dakota.

I would be happy to answer any questions.

Dwight Keller
Mandan, North Dakota

HB 1238
1/30/15

#96

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Fiscal Year Ended June 30

| | 2014 | 2013 |
|---|--------------|--------------|
| Revenues | | |
| Gross Assessment Revenue | \$ 1,131,120 | \$ 1,140,774 |
| Less: | | |
| Assessment revenue remitted to other states | (24,445) | (29,734) |
| Assessment revenue remitted to Cattlemen's Beef Board | (553,349) | (555,887) |
| Net Assessment Revenues | \$ 553,326 | \$ 555,153 |
| Interest Income | 789 | 967 |
| Beef Gift Certificates | 13,537 | 16,510 |
| Other Revenue | 12,871 | 7,732 |
| Total Revenues | \$ 580,523 | \$ 580,362 |
| Expenditures | | |
| Program Expenditures: | | |
| International Promotion | \$ 12,728 | \$ 22,750 |
| Promotion | 34,560 | 33,016 |
| Industry Information | | 200 |
| Research | 681 | 18,125 |
| Consumer Information | 91,255 | 128,030 |
| National Program Development | 124,484 | 158,660 |
| Total Program Expenditures | \$ 263,708 | \$ 360,781 |
| Beef Gift Certificates | 13,347 | 16,510 |
| Administration | 227,585 | 222,337 |
| Total Expenditures | \$ 504,640 | \$ 599,628 |
| Revenues Over (Under) Expenditures | \$ 75,883 | \$ (19,266) |
| Fund Balance, Beginning of Year | 194,172 | 213,438 |
| Fund Balance, End of Year | \$ 270,055 | \$ 194,172 |

See Notes to the Financial Statements.

January 30, 2015

HB 1238

House Agriculture Committee

Chairman Johnson and members of the Committee,

My name is Dane Braun and I'm here to represent the members of North Dakota Farmers Union. We oppose HB 1238.

North Dakota Farmers Union members recognize that commodity promotion programs can be valuable tools for consumer education and market development. However, we recommend that research and promotion programs financed through producer checkoffs be closely evaluated to assure that they stay member-controlled.

We believe that that such programs should include the following criteria:

- **Receive the approval by a majority of producers voting individually in a referendum by mail, with at least 30% of eligible voters participating.** The referendum should be held prior to the imposition of the checkoff. There should be a reauthorization vote every five years.
- **Checkoffs should be voluntary and "opt-in."** A procedure should be provided to enable producers to obtain a refund of checkoff funds without delay or hindrance on an annual basis. Refund application blanks should be provided by the purchasers of the commodity.

While we applaud the sponsor of the bill for including the refund language, we believe the referendum language should be addressed. We would not be alone in this endeavor; states like Ohio, Texas, and even our neighbors to the east, Minnesota, have conducted referendums.

I can take any questions that you may have.

1/30/15

#11

HB1238 → Testimony of **Kenny Graner**

Good Morning Chairman Johnson and House Agricultural Committee Members.

I am **Kenny Graner**, 4th Generation farmer/rancher in Morton County. I have been ranching all my life and live on the ranch my ancestors established. It has grown through four generations and I look forward to one or more of my own children taking over in the future.

I ~~oppose~~ House Bill 1238 as it being decided upon by government versus the grass roots cattle producers. This proposed bill would create a "new" state checkoff tax on cattle. A new checkoff program should be voted on by the grass roots cattle producers paying into the program, not by a legislative decision. Every independent cattle producer should be able to weigh in on their checkoff program. It is important that beef producers, not the government, direct the program and make decisions about any increase. The role of government should only provide oversight to ensure that the checkoff program complies with the law.

Six states have defeated an increase in the Beef Checkoff: Minnesota, Missouri, California, North Carolina, Wyoming and Nebraska. The most recent was our neighbor, Minnesota, who defeated with 63% OPPOSING an increase in 2014. Another Midwestern neighbor, Nebraska, discussed a proposed increase but it failed to gain any steam to even get to a vote.

I am a current Board member of the United States Cattlemen's Association (USCA). We have been working with the Beef Checkoff Enhancement Working Group for three years and I have been in attendance in some of these meetings. The group includes American Farm Bureau Federation, American National Cattlemen Inc., Livestock Marketing Association, Meat Import Council of America, National Cattlemen's Beef Association, National Livestock Producers Association, National Milk Producers Federation and the United States Cattlemen's Association. National Farmer's Union had been a member but pulled out of the group because they were extremely frustrated as the meetings weren't accomplishing anything for the first two and one half years as NCBA tried to dominate the Working Group. This group has come to a Memorandum of Understanding on some areas of the 85 Beef Act. They are looking to increase the current national assessment from one dollar to two dollars which would include a refund option for the additional dollar. The increase would be voted on by the producer before the program is started and there would be a Referendum every five years there after.

I am extremely disappointed in the lack of structural changes that we have not achieved yet. For example, there should be a clear separation of the policy organization from the non-political, promotional checkoff entity. National organizations now dominate the group that are also contractors to the checkoff and it is my opinion that they are making decisions based on their financial well being rather than on the good of the people who pay into the checkoff. The conflict of interest surrounding the relationship between the Federation of State Beef Councils and NCBA is still a major concern to many producers. The Checkoff is largely controlled by an organization that has a vested interest in making sure the current structure never changes. That organization, of course, is the National Cattlemen's Beef Association (NCBA). NCBA's motivation for obstructing each and every idea is predictable, considering more than 97 percent of all Beef Board contracts went to NCBA, and the organization relies on the current Checkoff program for a vast majority of its funding. Along with that, Processors and importers should be excluded from positions of leadership, ensuring that beef producers are always in charge and not allow to allocate a single dime to any organization engaged in lobbying.

According to the 2014 Beef Checkoff Audit, our current state Beef Commission incurs 40% administrative fees. We only spent 15% on consumer information. 21% of our current 50 cents that could have stayed in our state to further research or consumer information was actually sent out of state to the Federation of State Beef Councils. This subjected these funds to a second round of "administrative" fees of 20-30%. If our intent is to send it directly out of state, the "best bang for our buck" would have been to send it directly to the Cattlemen's Beef Board who is held at a fixed 5% administrative fee expense.

In conclusion, I don't believe an increase in the Checkoff is warranted at this time. We need more reform in the existing program before we invest additional dollars in a system that is clearly broken. It has been stated that if a National Checkoff were to pass, this State Checkoff increase would be sunset. That statement leads me to believe that there isn't any intention of any of this proposed increase to stay in the state in the first place, it will end up in the hands of NCBA who clearly doesn't have my best interests in mind. For these reasons, I strongly oppose HB1238.

Kenny Graner

January 30, 2015 #12

1-30-15

HOUSE BILL NO. 1238

Chairman Johnson: Members of the House Ag Committee.

My name is Allen Lund. I own and operate a cow/calf operation in Sioux County.

I stand before you in opposition to House Bill 1238 which proposes to triple the State Beef Checkoff from fifty cents to one dollar and fifty cents for each beef animal sold in North Dakota.

I stand in opposition of this bill for several reasons.

- The 2015 general audit of the N.D. State Beef Commission shows a seventy-five thousand dollar surplus. It also shows expenditures of over one hundred twenty four thousand dollars being sent to National Program Development which I assume would be another name for the National Cattlemen's Beef Association. In light of this, it just doesn't make sense to justify an increase.
- It has not yet been explained to me how this additional checkoff dollar is going to be spent. Would this additional dollar adhere to the rules of the existing checkoff as being earmarked to be spent on research, education, and promotion of beef or would there be more flexibility? If the latter is true would some of this money be a cash cow for state and national policy organizations that I would rather not finance with my checkoff dollars.
- North Dakota already pays more than their fair share of checkoff dollars. We are one of fourteen brand states in the United States. By being a brand state any cattle sold are required to have legal documentation of brand inspection. This documentation is used by the State Beef Commission to collect checkoff fees. The non-brand states have no such documentation and therefore fail to collect a portion of the checkoff dollars owed. Now we want to add an additional dollar. Get real! It is not up to the North Dakota cattle producer to shoulder the National Beef Checkoff.
- This is not an issue that should be decided in the North Dakota State Legislature. This is an issue that should be voted on by the producers that pay into the checkoff. I would wonder how many cattle producers actually even realize this bill is being heard today. I'm reasonably sure the number is pretty low.

In closing, I would suggest two things need to happen before any increases be made to the state beef checkoff.

A performance audit needs to be conducted on the North Dakota Beef Commission. After thirty years, this is long overdue.

Producers need to be afforded the right to vote on reform, abolishment, or increase to the checkoff program. After all, the producers, by all rights should own this program.

Thank you, and I urge a no vote on HB 1238.

Allen Lund

HB 1238
January 30, 2015 #13

Good Morning Chairman Johnson and House Agriculture Committee Members,
My name in Mike Heaton, I own and operate a cow/calf and back grounding operation in Burleigh County. I rise in opposition to hb 1238. The current beef checkoff has been in existence for nearly three decades. In 1985, the same year the current checkoff was initiated, the per capita consumption of beef was 79.2 pounds, in 2013 it was 56.7 pounds. While at the same time, 1985 per capita consumption of total red meat, poultry, and fish was 199 pounds, and in 2013 it was 204 pounds. So you see, we consumed more total meat in 2013, but beef lost market share. This is a failure. In 2014, for the first time, the consumption of chicken surpassed that of beef. The beef checkoff brings in approximately 80 million a year to be used for research, education, and promotion. The chicken industry has no checkoff. Again, this is a failure.

The idea behind the checkoff is to keep the cattle industry profitable or sustainable. But I have some charts that show otherwise. The first chart shows we have under produced our product but yet the number of beef operations declined by 42 percent. The biggest decline was from 1996 to 2010. This is after the checkoff has had a decade to work its magic. When we are losing cattle operations at an alarming rate during years of under production; something isn't working. I believe it is important for you to know that the cattle industry is made up of basically four different segments. First, being the cow/calf operation where we are marketing our grass through our cattle. Second, is the feedlots who are marketing grain and forage through the livestock. Third, is the packing industry that turns livestock into beef and is the wholesale marketer. Fourth, is the retail outlets that sells beef. This may seem like one big happy family, however, the reality is we are all competing for the consumer dollars. I also have charts showing that the cattle

producers are losing their share of consumer beef dollars. As well as receiving negative returns on equity. All of this has led to more and more concentration and less and less competition in our markets. Which is indicated in the chart labeled "Today's US Cattle Industry". It looks to me like I am paying the checkoff and the meatpackers and the food retailers are receiving the benefits.

The state organization that is pursuing the new cow tax has stated. "Our vision would be that the additional dollar be used for the soul purposes of beef research, education, and promotion efforts, just like the current dollar is, and that investment decisions rest solely with the grass roots producers serving on the North Dakota Beef Commission, who are armed with the best information to make those decisions. In some cases, the best bang for the buck might be an investment in in-state efforts. In other cases, it might be to pool those resources with others for national or international programs, which aim to influence consumers in more densely populated regions or high value markets".

Now let's look at the North Dakota Beef Commission. We are averaging about a 40 percent administrative cost for the money we receive. But if you figure administrative cost on the money that is actually used in North Dakota it is more like 59 percent. It is my understanding that the 28 percent on average that is used for National Program Development is subject to an additional 30 percent administrative costs. Hard to believe we are getting a lot of bang for our buck. I also want you to understand much of the National Program Development expense is going to the Federation of State Beef Councils, or Federation. The Federation by its own definition is a non-legal entity. This non-legal entity that we send money to every year is also known as a pay for play entity.

But since this non-legal entity was created by the NCBA and is housed in the NCBA and has no checkbook, the checks from the North Dakota Beef Commission are written out to the NCBA. I find this interesting because the North Dakota Stockmen's Association, an affiliate of the NCBA, by North Dakota law can and does nominate more people to the Beef Commission Board than any other organization.

A few years back the 50 cents per head that is spent by the Cattlemen's Beef Board was subjected to a performance review. The review was done on one percent of the receipts for a two year and five month period of time. The audit revealed \$216,000 in misappropriated funds. Now let me put this into perspective, an audit of one percent of receipts for two years and five months is the same as one hundred percent of receipts for 9 days.

I would reference you to the document titled "A CBB member weighs in with his perspective". NCBA is the major contractor of the checkoff dollar. For the 2011 program year NCBA was awarded ninety three percent of available funding. This includes approximately fifteen percent that was awarded to NCBA subcontractors. The same year 70.9 percent of NCBA's entire overhead was billed to the checkoff. NCBA was awarded 11.6 million in implementation fees, which is over and above the direct cost of projects. This is a huge problem when a lobby group is paying seventy percent of their overhead with the checkoff.

We are being asked to fund a new checkoff that would create a million dollar fund. There are a lot of unanswered questions, as to what this would fund and who would be the recipient of these funds. Many of us here have served on a school board, township board, or fire board. None would be allowed to double the taxes without a comprehensive

plan and a budget. We are all challenged to decide if more money is a need or a want. If any other department in this building came to you wanting a million extra dollars with no comprehensive plan for the money, would you grant it?

We have here a group that represents approximately one in every four cattle producers in North Dakota asking that you raise the cow tax in North Dakota. This means that approximately three in every four cattle producers and no other organization representing producers is asking for this new tax.

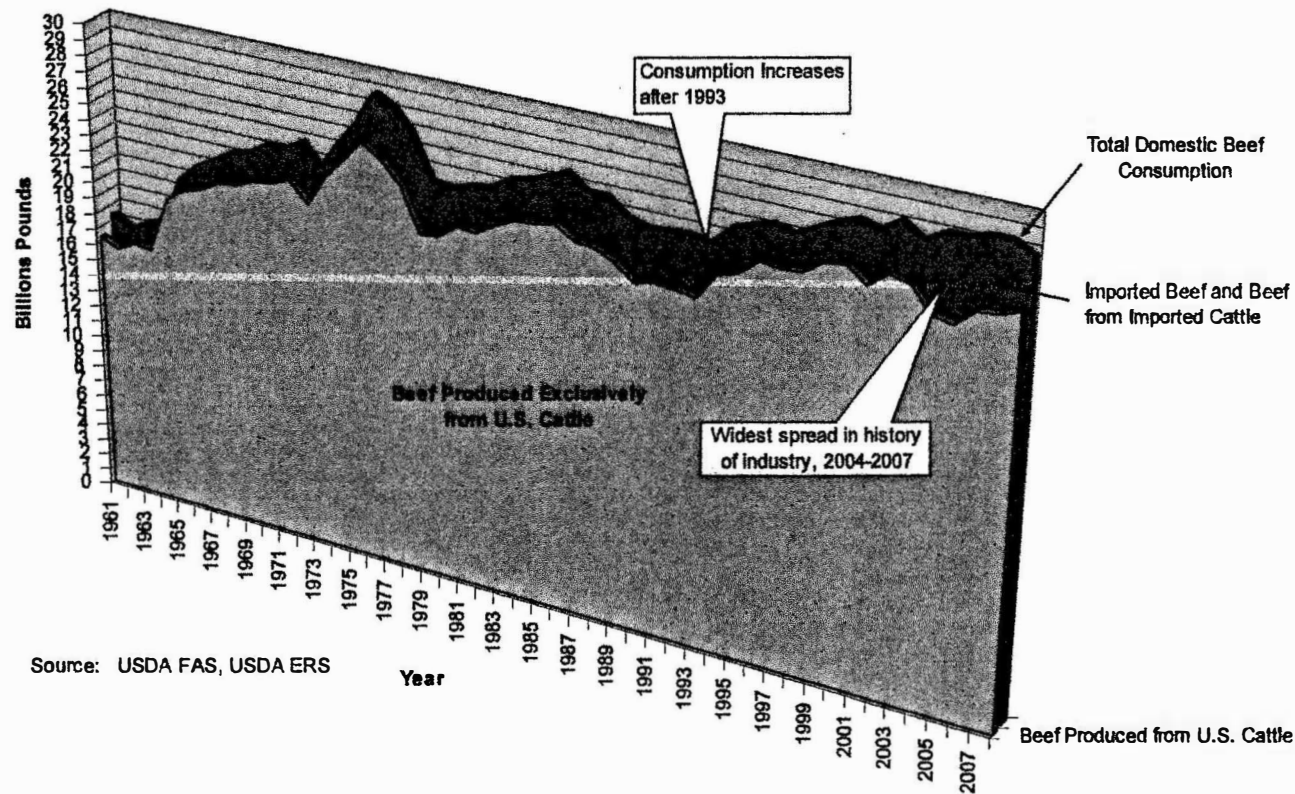
I have pointed out declining consumption, declining market share, poor markets, and misuse of monies, all on the checkoff's clock. Let me offer you a very simple solution to this bill. Make it opt in instead of refundable. When I say opt in I mean at the producer level. When I sell fifty calves I write a check to the North Dakota Beef Commission for fifty dollars. This would make the program nearly one hundred percent efficient. Any money sent in would belong to the Beef Commission and not be subject to refund. It would also prove to be the straw pole of all straw poles. The amount of participation in this would be an exact percentage of approval for the increase. In fact, this is so simple and efficient it would work even if it wasn't in the century code.

Thank you

4

Historic Under-Production of Domestic Beef in Recent Years

Domestic Consumption in Excess of Domestic Production

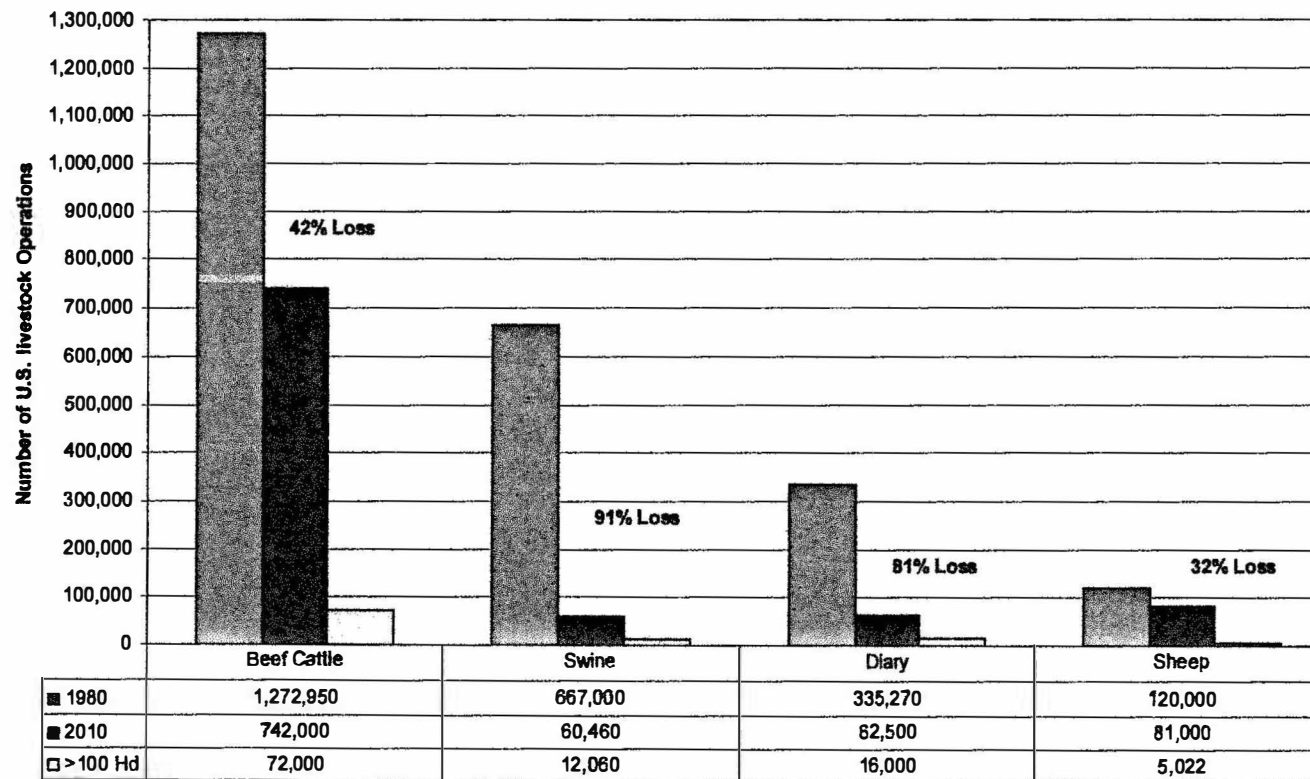


Source: USDA FAS, USDA ERS

Conversion of imported cattle to beef accomplished by multiplying the number of imported cattle by each year's average slaughter carcass weight.

No. 4: Shrinking Number of Livestock Operations

Loss of U.S. Livestock Operations 1980-2010



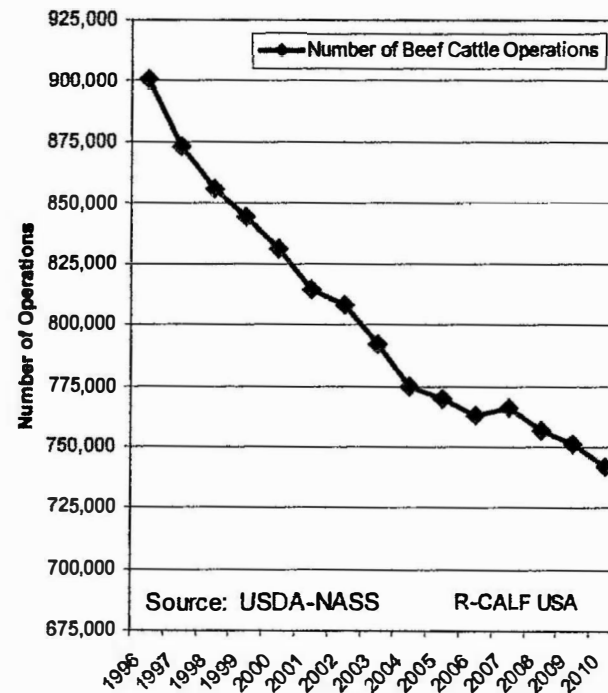
Source: USDA-NASS

Type of Livestock Operations

R-CALF USA

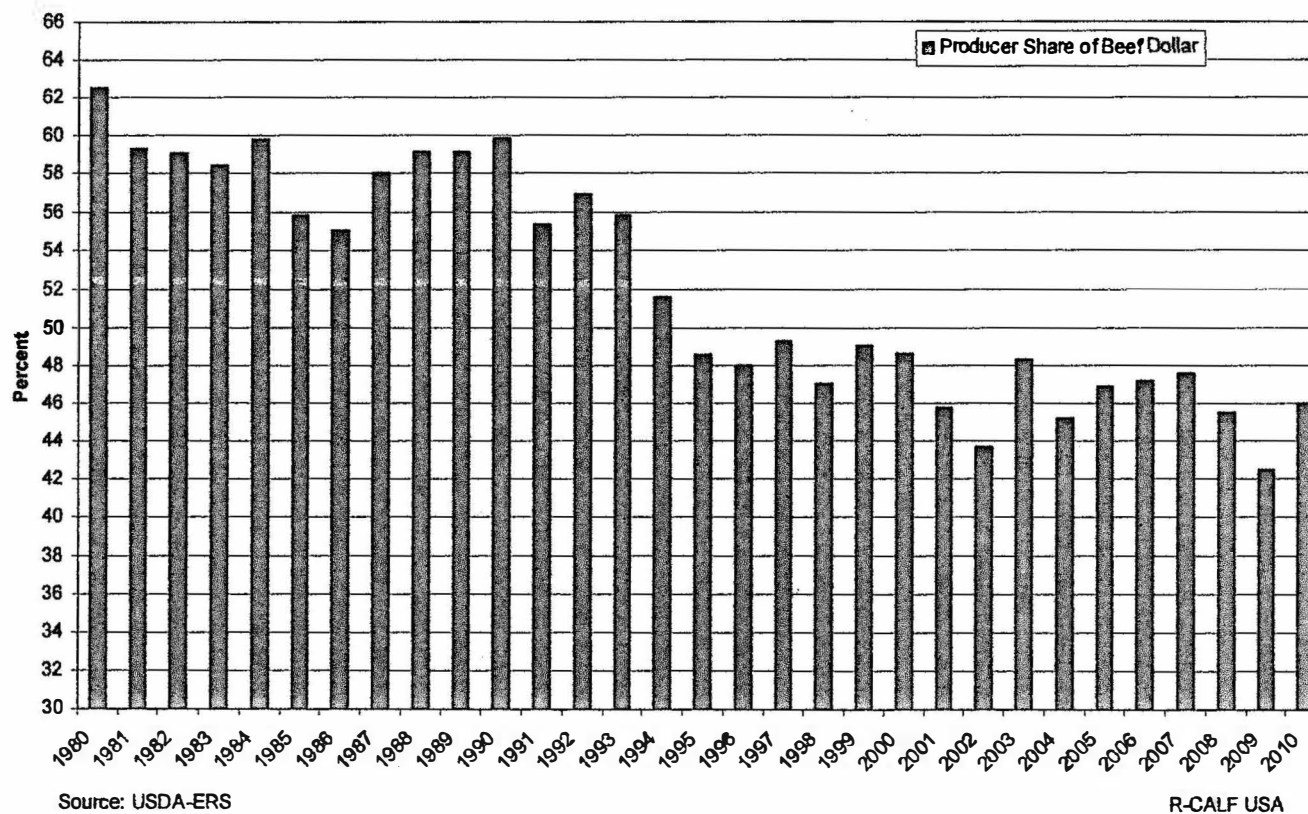
Beef Cattle Operations Exiting Cattle Industry at an Alarming Rate

Exodus of U.S. Beef Cattle Operations
1996-2010

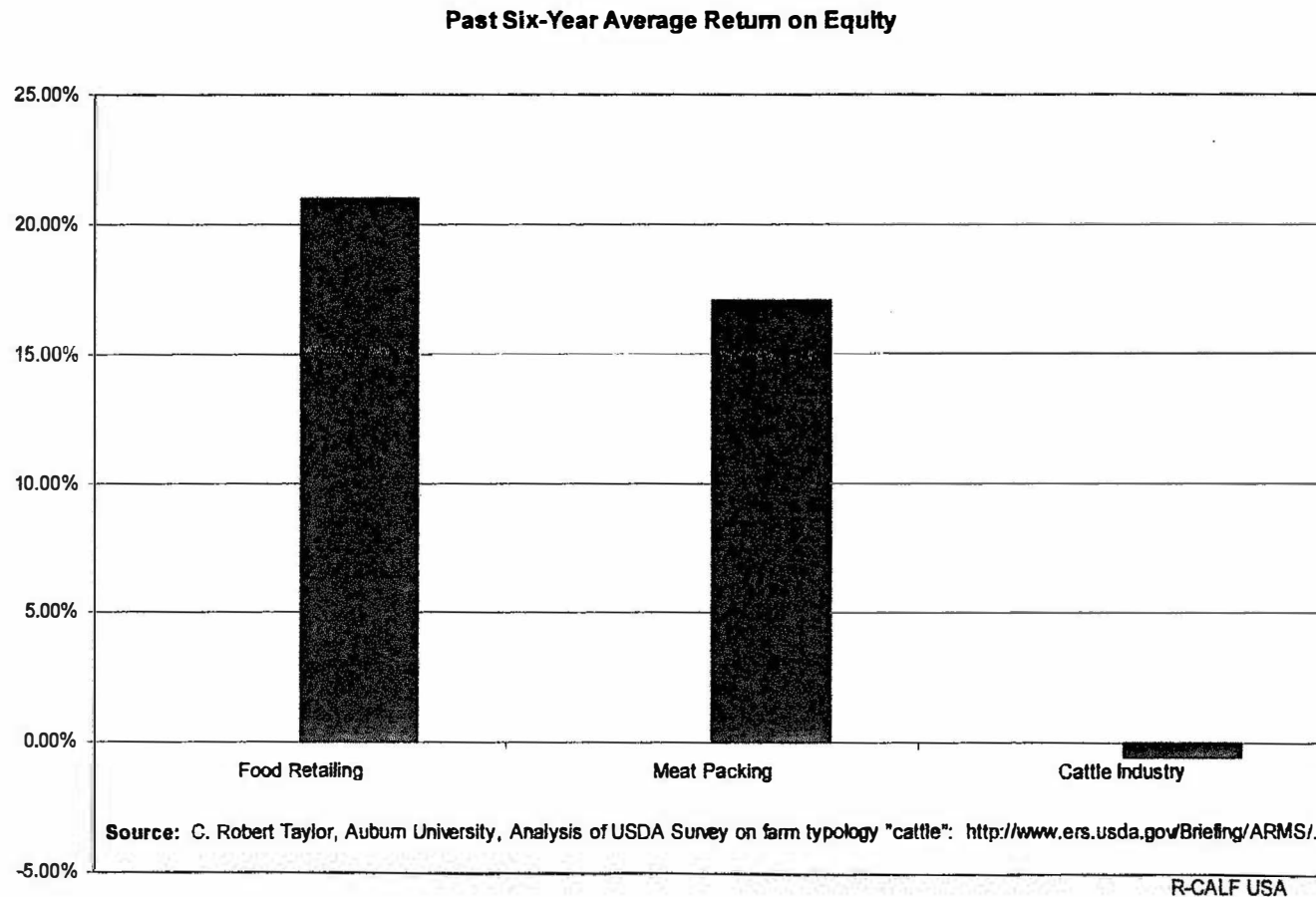


No. 9: Producers Losing Their Share of Consumer's Beef Dollar

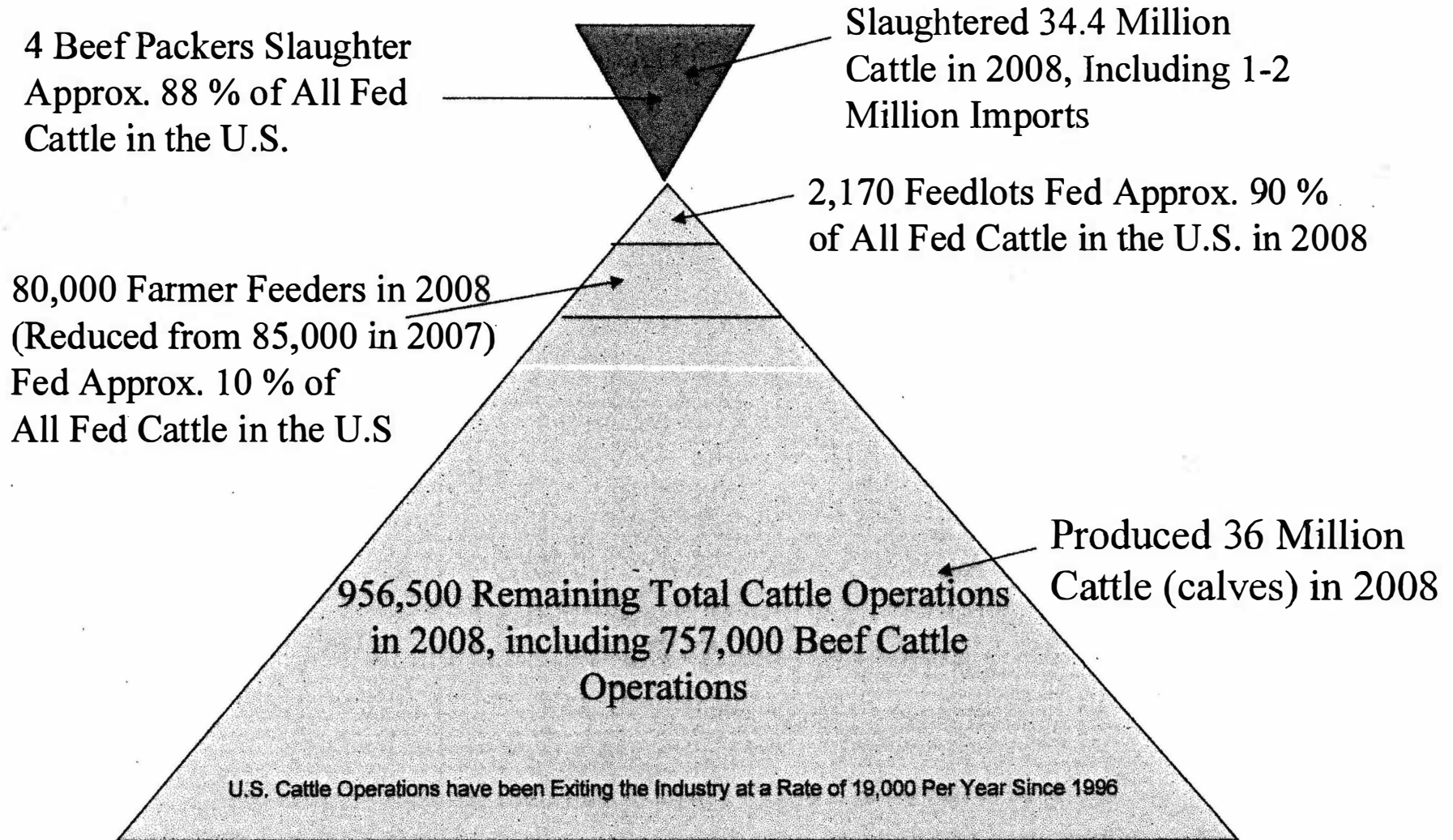
U.S. Cattle Producer's Share of Consumer's Beef Dollar
1980-2010



No. 15: Long-Run Negative Return On Equity for U.S. Cattle Industry



Today's U.S. Cattle Industry



10

COPY



Wayne Stenehjem
ATTORNEY GENERAL

STATE OF NORTH DAKOTA
OFFICE OF ATTORNEY GENERAL

STATE CAPITOL
800 E BOULEVARD AVE DEPT 125
BISMARCK, ND 58508-0040
(701) 328-2210 FAX (701) 328-2226

April 29, 2008

Mr. Thomas Barnett
Assistant Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue NW, Room 3335
Washington, DC 20530

Re: JBS Swift acquisition of Smithfield and National Beef

Dear Mr. Barnett:

I have been contacted by various organizations in North Dakota with concerns regarding JBS Swift's proposed acquisition of Smithfield and National Beef. In discussing the proposed merger, other North Dakota entities have raised similar concerns. These expressed concerns prompt me to contact you and to urge you to thoroughly scrutinize JBS Swift's application for acquisition of Smithfield and National Beef and to issue a second request.

It is a great concern that this acquisition will further consolidate the beef packing industry and lessen competition to the detriment of many of the groups involved in the industry, including consumers. Removal of major competing buyers could significantly reduce the competition in the buyer market for cattle. It has been noted that the merger will harm the price, choice, innovation, and competition in the beef industry.

I urge you to look at JBS Swift's application with the scrutiny necessary to determine all the expected effects of the acquisition. I urge you to carefully evaluate both the expected and possible consequences the merger may have on the entire beef industry and, as a result, on consumers, including all direct and indirect impacts. I respectfully urge you to not only look at the direct effect to the buyers and sellers in this transaction, but also the effect on the industry as a whole and the indirect effect the merger would have on consumers.

A major concern is the proposed merger's negative effect on competition in the market. A reduction from five major buyers to three major buyers likely will significantly reduce competition. It is a concern that the proposed acquisition will concentrate even more of the market power in this industry with the buyer. The effects of a reduction in competitive bidding and a concentration of market power in the buyer are believed to create a negative effect on the beef industry and drive prices up for the U.S. consumer. A thorough review of this proposed merger is, therefore, critical.

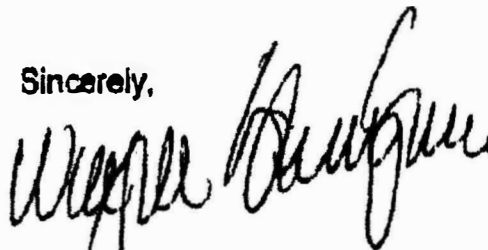
//

Mr. Thomas Barnett
April 29, 2008
Re: JBS Swift
Page 2

I ask you to not allow this process to be hurried through the system without a careful consideration of the expected negative impacts on competition in the industry and the impacts on all the different levels of the industry, including the packers, feeders, ranchers, and consumers.

Thank you for your attention.

Sincerely,

A handwritten signature in black ink, appearing to read "Wayne Stenehjem", written in a cursive style.

Wayne Stenehjem
Attorney General

A CBB Member Weighs In With His Perspective...70.9% of NCBA's Total Overhead Paid by Checkoff

13Jun

For subscribers to the blog who received email notification of the original post and went looking for it, we apologize. Formatting issues caused a small delay.

We invite ALL CBB members to weigh in on this blog discussion. We'd like to hear your perspective, too!

CBB...

Solid as ever

by Chuck Kiker

Member, Cattlemen's Beef Board

(Published in the Western Ag Reporter week of June 6, 2011 and in the latest edition of the U.S. Cattlemen's Association newsletter...both available on the internet).

Let's get this straight... the Cattlemen's Beef Board (CBB) is NOT an organization, as has been printed in some of the press recently. It is, instead, a board that oversees the national beef checkoff, and its board members are appointed by the U.S. Secretary of Agriculture.

As Board members, we have responsibilities, and we take an oath. **One of our key responsibilities is to leave any affiliations with other organizations and our special interests at the door when we are representing the CBB.**

For example, U.S. Cattlemen's Association (USCA) members who have been appointed to CBB represent everyone, not just USCA. CBB members are responsible for representing ALL cattle producers for the good of the industry.

Disclaimer...

I am writing this article as an individual producer and a director of USCA. My opinions and thoughts concerning the beef checkoff and the CBB are NOT the opinions of the beef checkoff, the CBB, the USDA, or even USCA. They are mine!

The checkoff...

The beef checkoff program is 25 years old. The issues we're experiencing with the checkoff today have a long history, and it takes time and experience inside the CBB to understand the complexity of not only the program and its processes, but also the problems.

Members' role...

In 2005, at the CBB summer meeting, I began serving on the Joint Producer Communications Committee, made up of members of the CBB and of NCBA's Federation of State Beef Councils.

As a committee member, you basically listen to bid proposals, called Authorization Requests (ARs), by contractors to conduct work funded by the checkoff in accordance with the Beef Promotion Act & Order. The committees then make recommendations

to the Operating Committee, and it's Operating Committee that actually decides whether or not the AR should be funded from the Beef Board's budget.

Can you imagine any other government program where a contractor for federal funds is permitted to vote on who receives the contract?

Conflict of interest?

At that 2005 meeting, potential contractors were making their pitches for their ARs, and the National Cattlemen's Beef Association (NCBA) had a large one for Producer Communications. Another organization, the National Livestock Producers Association (NLPA),

submitted several ARs that competed with NCBA's AR. At the end of the presentations, NCBA's AR that addressed similar efforts to NLPA's proposals was for significantly more money than NLPA's. NCBA's AR was going to cost \$2,615,000 compared to NLPA's AR's price of \$1,756,905.

NCBA pitched its AR at a cost of \$1,900,000, but after being asked during discussion if its implementation was included in that price, **they disclosed that it was not. It turns out that NCBA submits a separate AR for implementation for all of its ARs per budget category.** NCBA's implementation for Producer Communications was \$715,000, bringing the total cost to \$2,615,000. The committee had to choose between the two presentations, and the tension was so thick in the room that the chairman called an executive session of the committee after polling the committee's preferences on whether to remove the non-committee members from the room. **I was the only one on the committee that voted to award the funding to NLPA.**

My point is that **NCBA's influence through membership on the Producer Communications committee and staffing of it clearly and literally directed discussion in favor of the NCBA AR. The committee's vote could have**

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potentially wasted an extra \$750,000 by awarding the funding to NCBA and not to NLPA if the Operating Committee acted on the recommendation.

I learned later that potential contractors at that time had to submit AR proposals to NCBA – not to the CBB – even if the potential contractors was in direct competition with NCBA. Little did I know then, but that was just the tip of the iceberg!

It was at that point, after listening to the debate and reasoning of the other committee members, that I began to understand there were some problems with the beef checkoff process.

Today...

Let's fast-forward to present times. **For the 2011 program year, NCBA was awarded 93% of available program funding.** This included 14.2% that went to the U.S. Meat Export Federation (USMEF), a subcontractor under NCBA, as well as 1% that went to American National Cattlewomen (ANCW) – also a subcontractor under NCBA – for its Beef Cook-Off program.

The only other stand-alone contractors besides NCBA are:

- ANCW, which received 0.37% of the funding for the Beef Ambassadors and spokesperson bureau ARs,
- MICA, the Meat Importers Council of America, which received 1.17% of the funding for foodservice, public relations, and retail work in the Northeast Beef Promotion Initiative, and
- CBB, which received 5.27% of the funding for Producer Communications work.

The significance of these figures comes to light when learning how NCBA is reimbursed for its expenses. While it's true that contractors are not permitted to profit from beef checkoff projects they are awarded, they are permitted to recover "implementation" costs. Implementation can be defined as the costs associated with a contractor's out-of-pocket expenses. In NCBA's case, the organization turns in one AR per budget category for each year for the implementation costs on all the ARs it is awarded for a total of four implementation ARs.

NCBA computes the budget needed for its Implementation ARs by estimating the hours NCBA staff will work on programs for the checkoff, along with associated overhead expenses. NCBA has staff whose time is allocated 100% to the checkoff; other staff is allocated partially to the checkoff; and there are a few NCBA employees that do no work for the checkoff at all. At the end of the year, the total number of staff hours worked at NCBA and the total number of hours doing checkoff work are computed into the percentage of hours worked for the checkoff versus the total hours worked at NCBA. **Last year, 70.9% of total work at NCBA was designated as being for the checkoff.**

NCBA's implementation costs last year for the ARs awarded to them came in at a whopping \$11.6 million. Remember, those implementation costs are over and above the direct costs of projects. This means that NCBA's entire overhead was covered at 70.9%.

Even more astonishing is the fact that this includes general administrative salaries. **The CEO of NCBA is also considered the CEO of the Federation of State Beef Councils, so his general administrative time is paid 70.9% with beef checkoff dollars.**

NCBA has been managing the plan of work for CBB funds, the industry-wide strategic plan, as well as the plans of the committee meetings and the committee's recommendations of work programs funded by the checkoff.

NCBA does not want to give that up because it enables NCBA to control the goals of the plans, and this in turn lets NCBA control how many hours its staff puts in on checkoff work and, hence, maintain control of the high percentage (70.9%) of its overhead that is reimbursed by the checkoff. This is one of the reasons why you are reading about the hoopla surrounding the vote to approve and implement the recommendations of the Roles and Responsibilities Committee.

Beginnings...

These problems began to evolve around 1996, when the merger between the National Cattlemen's Association (NCA) and the National Live Stock and Meat Board occurred, and they have simply never been addressed.

Why? Because too many producers participating in the governance and oversight of the checkoff program were too closely tied to NCBA. The recent recommendations made by the Roles and Responsibilities Committee call for making changes to the planning and committee structures currently in place that will reduce the undue influence NCBA has had over the planning and goals of checkoff program work and will put control squarely back into the hands of the CBB. NCBA will still be the main contractor, but will lose its influence over how many hours of program work are done in-house at NCBA, ultimately giving NCBA less control of reimbursement for its overhead expenses.

The Roles and Responsibilities Committee recommendations will also make the committee process more inclusive of all producers and organizations. There will not be the perception that you are attending NCBA meetings when you want to follow your checkoff, and you certainly will not have to pay a registration fee or any kind of dues structure to NCBA to attend and participate in checkoff discussions. Producers are not supposed to have to pay to go to checkoff meetings now, but I know some who have been given a hard time or even turned away at NCBA meetings because they refused to pay a convention registration fee just to go to checkoff committee and CBB meetings held during the NCBA conventions. That's just not right; **it's our checkoff, and we should have open access to it.**

Other problems...

There are many other problems with the checkoff that result in inefficiencies and misappropriated funds, but the problems are not so enormous that they cannot be overcome. The good news is they are finally being addressed. The CBB now has the highest number of unbiased producers it has had in a long, long time, if not ever.

However, NCBA still has far too much influence over the national checkoff through its Federation of State Beef Councils and its members and directors.

Let me make something real clear, though: Those folks at NCBA who are 100% checkoff staff are working in your best interest, and they are bright, intelligent individuals who serve the beef checkoff well.

The majority of these people are working for you and making the most of the checkoff funding they are budgeted. **It's the structure and the processes that need overhauling, not the talented individuals doing the program work.**

The CBB is going to continue to work toward making the beef checkoff more inclusive for all checkoff-paying producers and toward **shoring up the program's compliance with the Secretary of Agriculture's guidelines and expectations.**

By all means, if you have questions or read something that doesn't sound accurate, call the Cattlemen's Beef Board office at 303-220-9890.

Talk to Tom Ramey, CEO of the CBB, or leave your name and number and ask to have one of the CBB officers or staffers return your call. It's YOUR checkoff, and you deserve honest, factual answers.

There's no better place to get them than straight from the horse's mouth.

Note: Chuck Kiker has recently been appointed to another term on the Cattlemen's Beef Board. Previously, he served on the CBB two full terms (six years). He went off the Board for a year, was nominated again in 2010, and went back on the Board in early 2011. This year he has been selected for the third time to serve on the Operating Committee. He is also on the CBB Budget Committee.

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Good morning, Chairman Kreidt and committee members. My name is Julie Ellingson and I represent the North Dakota Stockmen's Association.

We were unable to be at your July 16th meeting when Mahlum Goodhart presented our audit, because the meeting overlapped with our own board of directors meeting. I understand that there were some questions that day about how the estray law works and the monies are dispersed and other beef-related topics. That's why we are here today – to hopefully answer those questions and any others you might have.

As a refresher, estrays are cattle, horses or mules – branded or unbranded – whose ownership have not been determined. As the administrator of the state's brand programs, the Stockmen's Association is tasked with managing the state's estray fund and safeguarding the monies for the rightful owners who satisfactorily demonstrate proof of ownership.

I'll give you a few examples:

Let's say an animal is brought to the auction market wearing a brand different than the registered brand of the producer presenting the animal for sale, and he or she does not have the necessary paperwork, such as a bill of sale, market clearance or local brand inspection certificate, to prove his or her ownership. Consequently, the proceeds of the sale of that animal will be "held" at the market while the inspector works to determine if the animal belongs to someone else or until the person who presented the animal for sale can produce the proper paperwork indicating that he or she is the rightful owner. Our market inspectors work to clear up those "holds," as we call them, directly from the market. There were nearly 7,700 holds cleared at the markets in 2013.

If the holds are not cleared within approximately 60 days, the case and the proceeds are turned over to our office, where the money is deposited into the special estray fund, the case is assigned an estray case number and the process continues.

Another situation might be when a steer, for instance, is found in the country. Neighbors are contacted and no one is missing any animals with that description. The animal is inspected for brands and/or other identifying marks indicating its owner, but there isn't anything to prove ownership at that time. The animal is then sold and the proceeds of that sale are deposited into the estray fund while the search continues for the rightful owner.

In all situations, the estray fund is accounted for separately, segregated in its own special account with the monies deposited the second Tuesday of the month with the State Treasurer's Office. North Dakota Century Code requires us to remit the proceeds of the livestock sale to the rightful owner when he or she can demonstrate his or her ownership within 72 months, or six years.

There was a question about the amount of money in the estray fund. As indicated in the audit, in 2013, there was approximately \$233,000 deposited in the fund, with nearly \$165,000 expensed, which represents payouts to owners, as well as claimants who provide feed for animals and mileage to the local auction market. That compares to about \$236,000 in estray income in 2012 and \$165,000 in estray expense.

There was a question about the value of the estray fund compared to previous years. The amount, of course, varies from year to year, depending on the number of animals implicated and the value of those animals at the time of their sale. The cattle market is at an unprecedented high right now. Consequently, the value of the animals held as estrays has been higher and the value of the overall estray fund has also been higher the last few years for those reasons. The value of the estray fund fluctuates day to day as money flows in and out of it regularly as estrays are cleared and/or added.

What does the value of the estray fund mean for the Stockmen's Association? Nothing, really. The estray fund is not our fund. It is the producers' fund that we are statutorily tasked with safeguarding. We cannot use those dollars for organizational purposes. State law does allow us to utilize estray dollars that go unclaimed for longer than 72 months to run the state's brand inspection program. That means that those dollars older than six years can be used to offset costs of inspectors and their supplies for the brand program, not our policy work, educational efforts, environmental services efforts, membership or youth programs, etc. Those departments and their funding sources are managed separately, with a firewall in between and a third-party audit and your oversight for additional checks and balance.

In July, there was mention of the beef checkoff and a question about how it fits with the estray fund. The simple answer is that it doesn't.

What I just described relates to the state's brand inspection program, which requires, by state law, producers to have inspection done for ownership purposes when they cross state lines or move through marketing channels. The cost of inspection is \$1 per head. The beef checkoff is also \$1 per head, but that's a different dollar and where the similarities end

The checkoff is a producer-funded and directed beef marketing program. The checkoff is administered by a separate entity, the North Dakota Beef Commission, which is tasked with that job and adhering to both the state and federal laws pertaining to the checkoff. While the Stockmen's Association is a strong supporter of the checkoff and was instrumental in getting the first checkoff put into place decades ago, our organization neither collects nor administers it.

The question was asked about the possibility of increasing the checkoff, and, yes, NDSA members do support an increase.

The beef checkoff as we know it today went into effect in 1986 at the assessment rate of \$1 per head, the same rate that it is today. At the same time, costs have increased and inflation has caused the buying power of the dollar to shrink to less than half of its value at the time of its inception. Additionally, cattle numbers across the nation are at some of the lowest they have been since the 1950s, and, consequently, there are fewer dollars in the pool. Meanwhile, attacks on beef and beef production practices are increasing, competition is growing and the needs of our industry to educate consumers and promote our product continue to mount.

To address those needs, eleven states – the most recent being Texas and Ohio – have increased their respective state beef checkoffs to provide additional resources to leverage their demand-building capabilities. At least four others are in some phase of exploring such a change.

Our members passed policy a year ago to support a similar \$1 beef checkoff enhancement and expect a proposal that you'll consider during the 2015 session.

Our vision would be that the additional dollar be used for the sole purposes of beef research, education and promotion efforts, just like the current dollar is, and that investment decisions rest solely with the grassroots producers serving on the North Dakota Beef Commission, who are armed with the best information to make those decisions. In some cases, the best bang for the buck might be an investment in in-state efforts. In other cases, it might be to pool those resources with others for national or international programs, which aim to influence consumers in more densely populated regions or high-value markets.

Our vision is also to allow producers who do not want to contribute to additional beef promotion, research and educational efforts the ability to get a 100 percent refund on the additional checkoff, similar to the refund allowances of other state commodity programs, and that the additional checkoff would sunset, if you will, if a national beef checkoff increase would be enacted.

The Stockmen's Association itself does not stand to benefit from a beef checkoff increase directly. The reason that we support an increase, however, is that our industry, our producers, stand to benefit by keeping their product, beef, top of mind and in a favorable light with consumers around the world. In fact, a recent study conducted by Cornell University indicates that for every \$1 invested in the checkoff returns an \$11.20 return on investment. And we can do better than that by bolstering our resources to a more adequate level.

I hope that this is helpful information and clarifies the differences between the brand programs and the beef checkoff. Thank you for time on your agenda this morning. I would be happy to answer any questions you might have.

Thank you, Mr. Chairman.

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Fiscal Year Ended June 30

| | 2014 | 2013 |
|--|--------------------|--------------------|
| Revenues | | |
| Gross Assessment Revenue | \$ 1,131,120 | \$ 1,140,774 |
| Less: | | |
| Assessment revenue remitted to other states | (24,445) | (29,734) |
| Assessment revenue remitted to Cattlemen's Beef Board | (553,349) | (555,887) |
| Net Assessment Revenues | \$ 553,326 | \$ 555,153 |
| Interest Income | 789 | 967 |
| Beef Gift Certificates | 13,537 | 16,510 |
| Other Revenue | 12,871 | 7,732 |
| Total Revenues | \$ 580,523 | \$ 580,362 |
| Expenditures | | |
| Program Expenditures: | | |
| International Promotion | \$ 12,728 | \$ 22,750 |
| Promotion | 34,560 | 33,016 |
| Industry Information | | 200 |
| Research | 681 | 18,125 |
| Consumer Information | 91,255 | 128,030 |
| National Program Development <i>subject to additional 30% administrative</i> | 124,484 | 158,660 |
| Total Program Expenditures | \$ 263,708 | \$ 360,781 |
| Beef Gift Certificates | 13,347 | 16,510 |
| Administration <i>39%</i> | <i>39%</i> 227,585 | <i>38%</i> 222,337 |
| Total Expenditures | \$ 504,640 | \$ 599,628 |
| Revenues Over (Under) Expenditures | \$ 75,883 | \$ (19,266) |
| Fund Balance, Beginning of Year | 194,172 | 213,438 |
| Fund Balance, End of Year | \$ 270,055 | \$ 194,172 |

See Notes to the Financial Statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended June 30

| | 2013 | 2012 |
|---|--------------|--------------|
| Revenues | | |
| Gross Assessment Revenue | \$ 1,140,774 | \$ 1,111,322 |
| Less: | | |
| Assessment revenue remitted to other states | (29,734) | (28,185) |
| Assessment revenue remitted to Cattlemen's Beef Board | (555,887) | (541,642) |
| Net Assessment Revenues | \$ 555,153 | \$ 541,495 |
| Interest Income | 967 | 2,453 |
| Beef Gift Certificates | 16,510 | 18,295 |
| Other Revenue | 7,732 | 7,576 |
| Total Revenues | \$ 580,362 | \$ 569,819 |
| Expenditures | | |
| Program Expenditures: | | |
| International Promotion | \$ 22,750 | \$ 21,836 |
| Promotion | 33,016 | 41,874 |
| Industry Information | 200 | 10,000 |
| Research | 18,125 | 16,600 |
| Consumer Information | 128,030 | 95,272 |
| National Program Development | 158,660 | 156,004 |
| Total Program Expenditures | \$ 360,781 | \$ 341,586 |
| Beef Gift Certificates | 16,510 | 18,295 |
| Administration | 3870 222,337 | 7570 259,277 |
| Total Expenditures | \$ 599,628 | \$ 619,158 |
| Revenues Over Expenditures | \$ (19,266) | \$ (49,339) |
| Fund Balance, Beginning of Year | 213,438 | 262,777 |
| Fund Balance, End of Year | \$ 194,172 | \$ 213,438 |

See Notes to the Financial Statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Fiscal Years Ended June 30, 2011 and 2010

| | 2011 | 2010 |
|---|--------------|--------------|
| <u>Revenues</u> | | |
| Gross assessment revenues | \$ 1,174,015 | \$ 1,187,756 |
| Less: | | |
| Assessment revenue remitted to other states | (35,850) | (32,563) |
| Assessment revenue remitted to Cattlemen's Beef Board | (569,154) | (577,561) |
| Net assessment revenues | \$ 569,011 | \$ 577,632 |
| Interest income | 4,280 | 7,301 |
| Beef gift certificates | 18,195 | 17,620 |
| Other revenue | 7,725 | 4,741 |
| Total revenues | \$ 599,211 | \$ 607,294 |
| <u>Expenditures</u> | | |
| Program expenditures: | | |
| International promotion | \$ 26,123 | \$ 17,200 |
| Promotion | 37,603 | 46,753 |
| Research | 22,203 | 113,103 |
| Consumer information | 115,663 | 138,805 |
| National program development | 164,799 | 167,447 |
| Total program expenditures | \$ 366,391 | \$ 483,308 |
| Beef gift certificates | \$ 18,195 | \$ 17,620 |
| Administration | 4270 254,829 | 4070 243,353 |
| Total expenditures | \$ 639,415 | \$ 744,281 |
| Revenues over expenditures | \$ (40,204) | \$ (136,987) |
| Fund Balance, Beginning of Year | \$ 302,982 | \$ 439,969 |
| Fund Balance, End of Year | \$ 262,778 | \$ 302,982 |

The accompanying notes are an integral part of the financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Fiscal Years Ended June 30, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|---|---------------------|--------------------|
| <u>Revenues</u> | | |
| Gross assessment revenues | \$ 1,187,756 | \$ 1,214,524 |
| Less: | | |
| Assessment revenue remitted to other states | (32,563) | (27,396) |
| Assessment revenue remitted to Cattlemen's Beef Board | (577,561) | (593,288) |
| Net assessment revenues | \$ 577,632 | \$ 593,840 |
| Interest income | 7,301 | 10,165 |
| Beef gift certificates | 17,620 | 23,205 |
| Other revenue | 4,741 | 14,762 |
| Total revenues | <u>\$ 607,294</u> | <u>\$ 641,972</u> |
| <u>Expenditures</u> | | |
| Program expenditures: | | |
| International promotion | \$ 17,200 | \$ 21,911 |
| Promotion | 46,753 | 56,965 |
| Research | 113,103 | 1,350 |
| Consumer information | 138,805 | 151,552 |
| Industry information | | 10,229 |
| National program development | 167,447 | 172,514 |
| Total program expenditures | \$ 483,308 | \$ 414,521 |
| Beef gift certificates | \$ 17,620 | \$ 23,205 |
| Administration | 407,243,353 | 377,238,799 |
| Total expenditures | <u>\$ 744,281</u> | <u>\$ 676,525</u> |
| Revenues over expenditures | <u>\$ (136,987)</u> | <u>\$ (34,553)</u> |
| Fund Balance, Beginning of Year | <u>\$ 439,969</u> | <u>\$ 474,522</u> |
| Fund Balance, End of Year | <u>\$ 302,982</u> | <u>\$ 439,969</u> |

See Notes to the Financial Statements.



National Cattlemen's Beef Association
Federation Division
FY2014 Budget

| | BPOC/CBB | SBC | Combined |
|--|----------------------|---------------------|----------------------|
| Revenue | | | |
| CB8 Revenue | \$ 34,831,298 | \$ - | \$ 34,831,298 |
| SBC-Unrestricted | \$ - | \$ 6,728,702 | \$ 6,728,702 |
| SBC - Prioritized | \$ - | \$ 129,000 | \$ 129,000 |
| SBC-USMEF International | \$ - | \$ 1,742,100 | \$ 1,742,100 |
| SBC prioritized federation Initiative | \$ - | \$ 50,000 | \$ 50,000 |
| Sale of Material | \$ - | \$ 450,000 | \$ 450,000 |
| Total Revenue | \$ 34,831,298 | \$ 9,099,802 | \$ 43,931,100 |
| Expenses | | | |
| Program expenses | | | |
| Promotion | \$ 6,767,770 | \$ 1,032,230 | \$ 7,800,000 |
| Research | \$ 5,073,407 | \$ 751,593 | \$ 5,825,000 |
| Consumer Information | \$ 6,077,637 | \$ 900,363 | \$ 6,978,000 |
| Industry Information | \$ 849,197 | \$ 125,803 | \$ 975,000 |
| Foreign Marketing | \$ 7,634,898 | \$ 1,741,402 | \$ 9,376,300 |
| Total programs expenses | \$ 26,402,910 | \$ 4,551,391 | \$ 30,954,300 |
| General and administrative expenses | | | |
| Federation Relations | \$ - | \$ 492,000 | \$ 492,000 |
| Customer Service | \$ - | \$ 400,000 | \$ 400,000 |
| Governance | \$ - | \$ 437,000 | \$ 437,000 |
| Long Range Plan | \$ - | \$ 20,000 | \$ 20,000 |
| General and Administrative | \$ 1,344,170 | \$ 560,730 | \$ 1,904,900 |
| Total general and administrative expenses | \$ 1,344,170 | \$ 1,909,730 | \$ 3,253,900 |
| Salaries and benefits | \$ 7,084,219 | \$ 2,673,681 | \$ 9,757,900 |
| Total expenses | \$ 34,831,298 | \$ 9,134,802 | \$ 43,966,100 |
| Net Use of Reserves | \$ (0) | \$ (35,000) | \$ (35,000) |

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Beef Checkoff

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#104

House Agriculture Committee Hearing

January 30, 2015

HB 1238

Presented by Nancy Jo Bateman, Executive Director
North Dakota Beef Commission

Chairman Johnson, Vice Chairman Trottier, and members of the House Agriculture Committee, My name is Nancy Jo Bateman and I have had the privilege of working for the beef producers of this state at the ND Beef Commission as their executive director since 1984. I was hired shortly after this body, at the request of beef producers of the state, increased the state beef checkoff from \$.25 per head to \$.50 per head. Within two short years, beef producers again implemented the national beef checkoff in October of 1986 at the \$1 per head level we have today, a point in time that has been referred to on several occasions today. Then in May of 1988 beef producers across the country voted, as was mandated in the federal law, and a 79% favorable vote determined the future of the program we have today as a \$1 per head, non-refundable beef checkoff program.

I give this information as background because this committee, with members past and present, has played a very important role in the accountability and oversight of this program. Legislation passed here in 1993 started the commodity group reporting session that you were involved in the first Friday of this session. That means that some of you have heard a Beef Commission report from me 11 times and you have received 22 years of our annual audits, not biennial, covering financial accountability of every beef checkoff dollar from every beef producer that has invested in beef promotion, research and education programs. We value this process and consider it yet one more important measure of accountability and oversight of our programs and our funding.

In addition to many levels of oversight, accountability and auditing at the state level, the Commission is confident in the oversight of the national programs that we invest dollars in. I won't take time to go through it but in your materials is a document outlining the breadth and depth of oversight of the beef checkoff from our state level all the way through to USDA. And many are not aware but organizations that contract with the Cattlemen's Beef Board to carry out programs that Jerry Effertz discussed, do so on a cost recovery basis meaning all costs are covered up front by the contracting organization and only reimbursed later when verified to be in line with their contract. Processes and procedures for oversight of national checkoff contracting organizations and the Cattlemen's Beef Board are robust, in place and working well today.

Some today have questioned the way the beef producers that make up the Beef Commission have chosen to invest the funds they are responsible for. I will tell you from personal experience, every program area, every budget item, and every financial decision is reviewed by the producers on the Beef Commission with their neighbors, friends and family members in the beef business in mind. They leave the organizational hat at the door that may have brought them to the Beef Commission because their job is much bigger than any particular group or self-interest. They represent all beef producers, regardless of the color of the cattle they raise or the different views they may have because reaching consumers with our beef message is the objective that unites them. They want the greatest results from the program and the greatest return to the producers.

Along this line, I would like to review a couple graphics that may help in putting the finances of the Beef Commission in proper perspective.

The bar chart you have in front of you represents the last 21 years of audited financials for the Beef Commission, beginning with the 1993 fiscal year. There is no special reason for 21 years except that we wanted to give you a substantial period of time in our history.

- The top line is the total revenue of the Commission including all income sources- checkoff, interest, beef gift certificate sales and other income.
 - The second line below it is just the \$1 per head checkoff revenue collected each year by the Beef Commission.
- /

- The next line represents the half of the checkoff dollar sent to the Cattlemen's Beef Board by federal statute, along with dollars sent to other state beef councils for out-of-state cattle sold in ND.
- Moving down, the next line shows ND dollars invested in additional national beef promotion, research and education programs. From 1973-1996, this went to the Beef Industry Council. Following an organizational merger of the Beef Industry Council and the National Cattlemen's Association, these dollars are invested today in the Federation of State Beef Councils division of the National Cattlemen's Beef Association. I would like to draw your attention to the drop in this line in 2001 because it once again involves this committee. From our beginning in 1973 to 2001, state law mandated that no less than 50%, or \$.25 per head of our state checkoff dollars should be used to support research and educational activities of the Beef Industry Council or its successor organization. This committee and the legislature, at the request of beef producers, removed the 50% provision in 2001 and left that decision in the hands of the beef producers on the Beef Commission. Since then, the Commission has invested \$.16 of each dollar up until 2014 when budgeting required it be reduced to \$.12. The hope is that as herd building begins, this number can be increased again because these investments in the Federation of State Beef Councils are what enable ND beef producers representing the Commission to have a seat at a very important table. Currently, three of our ND producer directors are Federation board members and more importantly, they are members of important committees that help to review and direct the focus of demand building beef programs. ND Beef Commission director influence on programs follows ND producer dollar investments. These national programs are the ones that reach consumers across the country that are eating beef that was raised here in ND. These programs also are the backbone of efforts by every state beef commission to present a unified, consistent message as we take the national message to our states and promote the benefits of beef in a healthy diet.
- The black line shows the expense for state promotion research and education programs.
- The dotted line is our total administration and includes salaries for our two state employees, state retirement and benefits plans, and commissioner per diem. This is down from three employees with a retirement in 2012. Some have said this is too high but I think common sense tells us that small percentage increases in salaries in line with legislative direction provide for a very modest gradual increase.
- The next checkered line is our operations budget and includes, rent, audit, office expenses, equipment, board insurance, travel and other expenses.
- And the bottom line is our investment in international programs of the US Meat Export Federation.

To go a step further, the page with the pie charts represents these same program expenses but just for our last fiscal year. In an effort of total transparency, these expenses are presented in two different formats because we have been criticized for having high administrative expenses. The top chart shows total expenses for all admin and overhead expenses, along with direct program area costs. The second chart, however, more accurately reflects the true costs of our programs. Knowing that programs don't happen without people to do them, administrative and operations costs are applied to programs in an enterprise analysis effort similar to what every farmer and rancher does with their operations. You will see that there is a change in the percentages of funds used in these programs and the total administration and operations expenses that exist simply as a cost of being a state agency are 6%. The Beef Commission is very comfortable with this level and has worked hard to keep these costs as low as possible while still conducting effective programs in the state.

In closing, should this committee and the legislature see fit to pass this bill and increase funding for beef demand building programs, the Beef Commission would stand ready to go to work. The Commission is ready and able to develop the types of plans and programs that would benefit the beef industry of ND. Our program development process would be the same as it has been for years beginning in the spring with strategic planning to set the direction, followed by marketing planning that sets the program and budget. Once the outcome of the ND Legislature is known, the appropriate planning will go into motion. If that means no increase, we will proceed to make the most focused plans possible to reach our target consumers. And if there is a beef checkoff increase, we will also proceed to make the most focused plans possible to reach our target consumers.

Levels of Oversight of the current \$1 per head Beef Checkoff – January 2015

Prepared by the ND Beef Commission with review by the Cattlemen's Beef Board

State level:

******Every state beef council (44 as of January 2015) must have an annual financial audit, as required by the Beef Promotion & Research Act of 1985, which must be submitted to the Cattlemen's Beef Board (CBB) within 120 days of the end of the fiscal year. The ND Beef Commission audit is done by the State Auditor's Office on an annual basis, as compared to a biennial audit of other state commodity groups that fall under state law requirements. Every annual audit is available for review through the State Auditor's Office website, and the combined statement of revenues and expenses is a part of the ND Beef Commission annual report.

******The Cattlemen's Beef Board auditing staff does periodic reviews of state beef councils to ensure compliance with various provisions of the Act & Order and with additional operating procedures.

******The ND Beef Commission is required by law to present a report to a joint hearing of the North Dakota House and Senate Ag Committees at the beginning of each legislative session. This report must contain program updates along with audit reports from the State Auditor's Office for the two previous years along with anticipated expenditures at the close of the current biennium and estimates for the next biennium.

National level - Cattlemen's Beef Board:

******The CBB is ultimately responsible for oversight of every checkoff dollar collected in the country, including those from imported beef and beef products. It is also responsible for implementation of all policies and procedures from USDA, as well as internal policies developed as best management practices.

******The CBB has an annual audit, conducted under government auditing standards, by an external auditing firm qualified to conduct such an audit. This audit is submitted to USDA and is published.

******The CBB undergoes a management review audit every three years by USDA's Agricultural Marketing Service, covering procedures and processes under government oversight.

*******The CBB is also audited annually and every three years for their oversight and procedures related to state beef councils, the Federation of State Beef Councils, the US Meat Export Federation and the National Cattlemen's Beef Association.

******The CBB oversees both their own investments in programs conducted by national contractors as well as additional state beef council investments in national and international programs.

******All state beef councils investing additional funds in the national programs through the US Meat Export Federation and the Federation of State Beef Councils of the National Cattlemen's Beef Association review the external audits of these organizations annually and certify to the CBB that they were reviewed and found in order.

**In terms of USDA-AMS oversight and involvement with the CBB, USDA representatives are at the table with the CBB at every audit committee meeting and actively engage in discussions and oversight and approve certain processes including contractual procedures, reporting and various audit provisions. USDA is also present at every Beef Promotion Operating Committee meeting, CBB Executive Committee meeting, CBB Board meeting and Audit Committee meeting.

**National programs authorized to receive checkoff funding are also reviewed and audited. The procedure includes the Beef Promotion Operating Committee approving details of all contracts, reviewing and approving specific Authorization Requests for program funding. After Operating Committee and CBB approval, Authorization Requests, contracts with contractors, and the full budget are then forwarded to USDA for review and final approval.

Additional national contractor procedures:

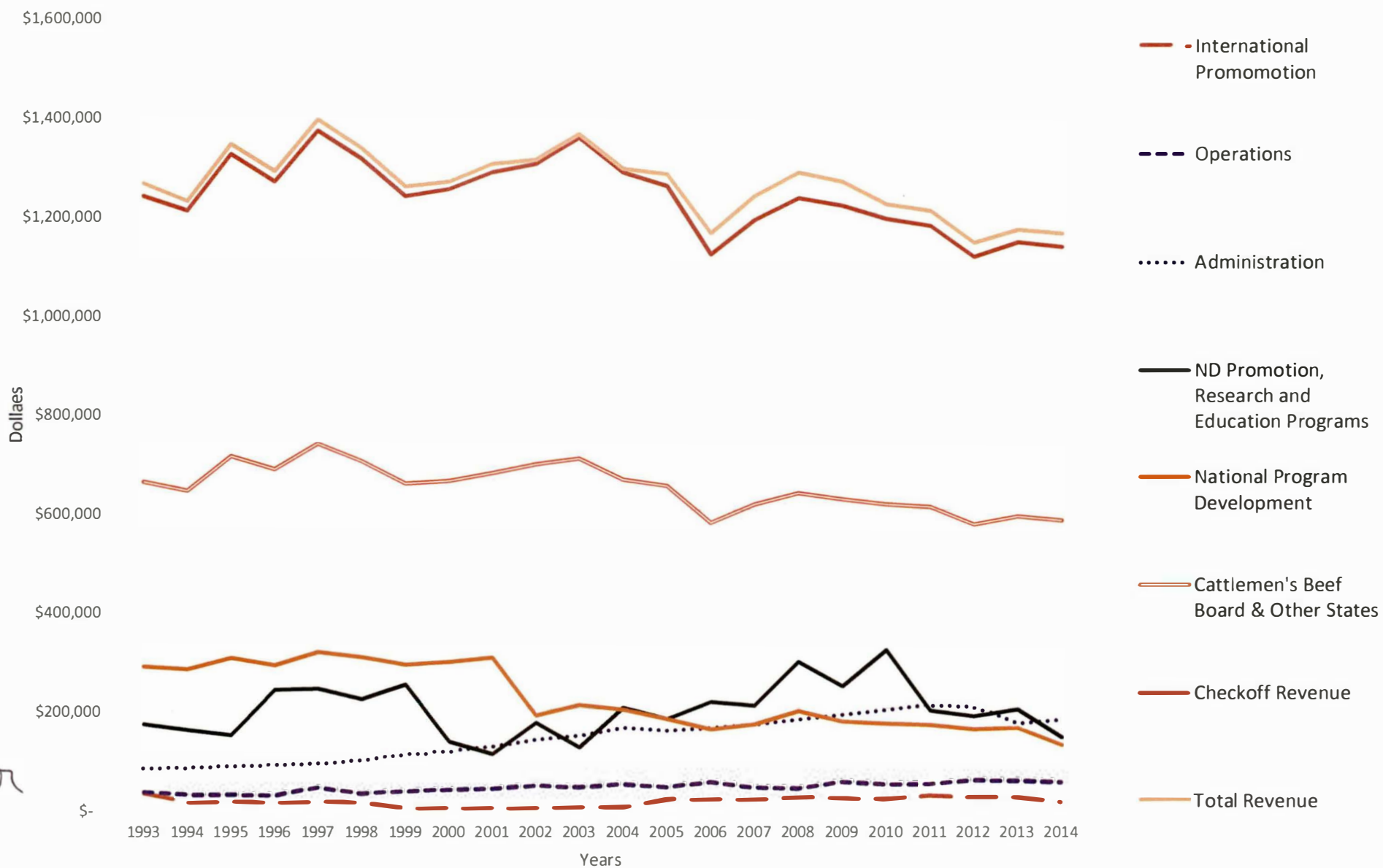
In addition to annual audits, legal contracts for approved Authorization Requests, and implementation of mandated procedures from the CBB, national contractors like the Federation of State Beef Councils of the National Cattlemen's Beef Association, the US Meat Export Federation, American Farm Bureau Foundation for Agriculture, American National CattleWomen, Meat Import Council of America and others approved for program funding carry out their contracts on a cost-recovery basis. That means that all costs are covered up front by the contracting organization and only reimbursed where verified to be in line with the approved Authorization Request. No contractor is allowed to make a profit when contracting for programs to the CBB.

In addition to the financial accountability, all organizations contracting with the CBB must have all materials completed throughout the contract approved by CBB and USDA before distribution. If the program's "Authorization Approval Number" from USDA is missing from an invoice submitted to the CBB, reimbursement of the invoice is rejected.

National Contractors directly involved with the ND Beef Commission:

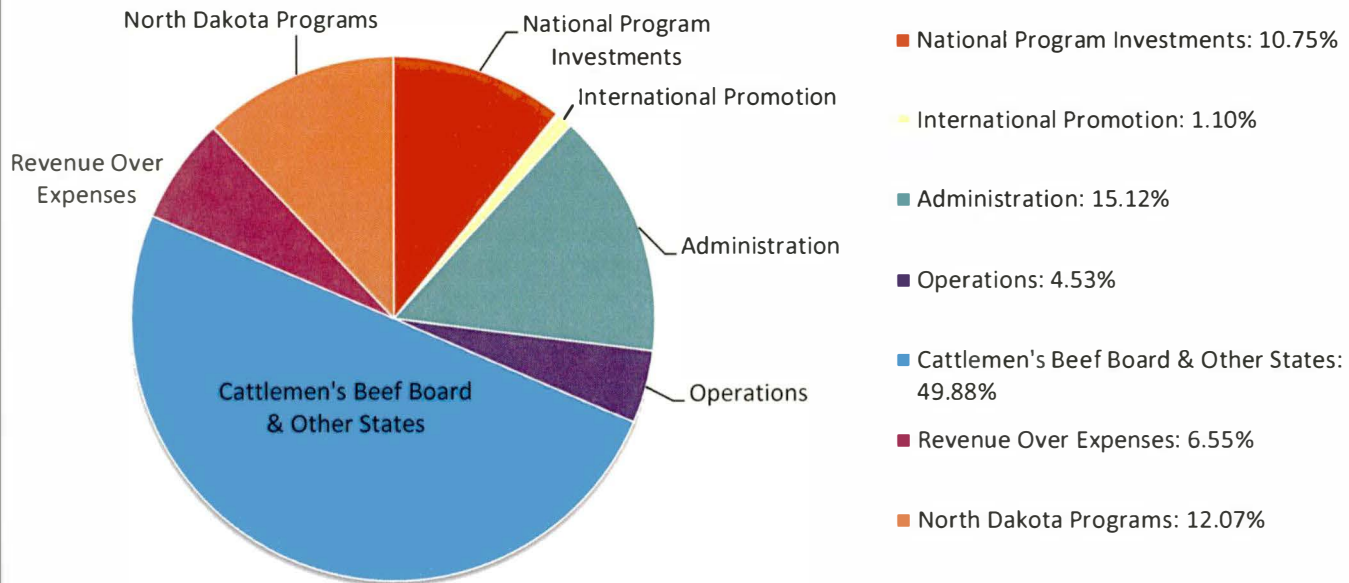
The two national contractors that the ND Beef Commission has chosen to fund with an additional portion of state checkoff dollars are the US Meat Export Federation and the Federation of State Beef Councils of the National Cattlemen's Beef Association. In addition to following all requirements of the CBB as discussed above, these two organizations have robust internal compliance programs designed to uphold the strict firewall protecting checkoff dollars from other funding sources and insuring that checkoff dollars are appropriately accounted for. Each organization has a director of compliance charged with implementing, maintaining and overseeing strict internal processes and procedures and are routinely reviewed by the CBB as well.

North Dakota Beef Commission Historical Trends, Revenue vs Expenses, 1993-2014



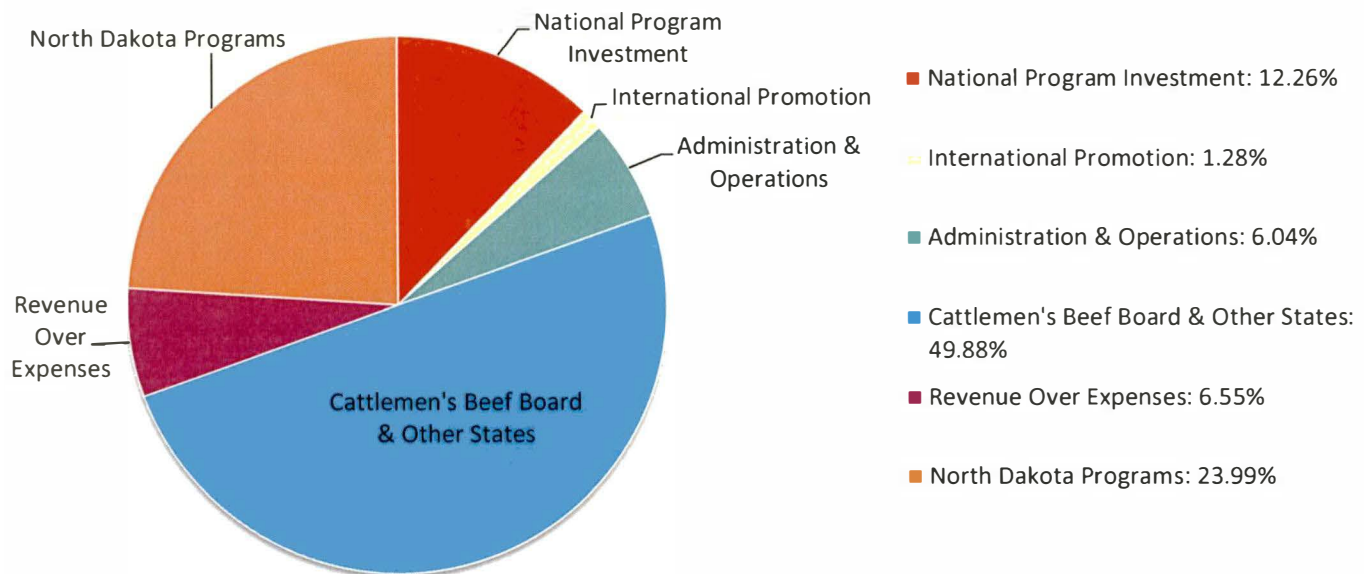
2014 North Dakota Beef Commission Expenses as a % of Total Revenue

Source: 2014 Audit Report



North Dakota Beef Commission - Full Dollar Accountability Report 2014

Source: Financial Statement Developed for Cattlemen's Beef Board "Full Dollar Accountability" Project for July 1, 2013 - June 30, 2014 Fiscal Year



Support

HB 1238

1/30/15

#15

Eric P. Berg, Professor, Meat-Animal Sciences

NORTH DAKOTA STATE UNIVERSITY

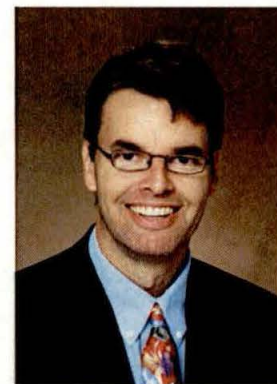
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J Nutr. 2014 Nov;144(11):1718-24. doi: 10.3945/jn.114.198127. Epub 2014 Sep 24.

Consumption of ground beef obtained from cattle that had received steroidal growth promotants does not trigger early onset of estrus in prepubertal pigs.

Magolski JD¹, Shappell NW², Vonnahme KA¹, Anderson GM¹, Newman DJ¹, Berg EP³.

⊕ **Author information**

Abstract

BACKGROUND: The earlier onset of puberty seen in young American girls has led researchers to question if a causal relation exists between dietary sources of estrogenic compounds and precocious puberty.

OBJECTIVE: Using the prepubertal gilt (young female pig) as an animal model, our hypothesis is that feeding beef obtained from cattle receiving growth-promoting steroidal implants postweaning does not alter the onset of puberty or the peripubertal body composition of gilts compared with contemporaries fed nonimplanted "natural" beef or a common meat alternative, tofu.

METHOD: The base diet was formulated using canola meal replacing soybean meal to reduce diet estrogenicity. Feed intake was monitored and controlled to ensure similar intake. Gilts were assigned to treatments based on dam and initial body weight (mean: 24.5 ± 3.20 kg) at 61 d of age. The negative control base diet was supplemented with daily feedings of a cooked patty from nonimplanted steers (natural), from steers that had been treated with growth promotants [100 mg trenbolone acetate and 14 mg estradiol (E2) benzoate; implanted], or cooked tofu patty.

RESULTS: E2 equivalents (nanogram per kilogram, as fed as analyzed by E-Screen) of the tofu (a soy-based product) supplement were ~570 times the natural and ~170 times the implanted supplements. There were no observed differences across treatments in live weight gain ($P = 0.90$), longissimus muscle area developed at the 10th and 11th rib interface ($P = 0.46$), and subcutaneous fat deposition ($P = 0.41$) at the same location over time or in the number of days to reach estrus ($P = 0.55$).

CONCLUSIONS: Consumption of beef from growth implanted or natural steers or tofu at levels similar to those typically consumed by humans did not impact growth or onset of estrus in these prepubertal gilts.

Other Checkoff funded research

2014. Effects of postmortem aging time and type of aging on palatability of low-marbled beef loins.
Revisions Meat Science 4-8-2014 Ref No. MEATSCI-D-14-00076.

2013. Effectiveness of oxygen barrier oven bags in low temperature cooking on reduction of warmed-over flavor in beef roasts. Meat Sci. 96:1361-1364.

2013. Consumer evaluation of palatability characteristics of a beef value-added cut compared to common retail cuts. Meat Sci 96:419-422.

2013. Prediction of troponin-T degradation using color image texture features in 10 d aged beef longissimus steaks. Meat Sci. 837-842

2013. Relationship between commercially available DNA analysis and phenotypic observations on meat quality and tenderness. Meat Sci. 95:480-485.

2012. Evaluation of feedlot cattle working chute environment relative to temperament, tenderness, and postmortem proteolysis. Meat Sci. 95:92-97.

2012. Predicting beef tenderness using color and multispectral image texture features. Meat Sci. 92:386-393.

2011. Working chute behavior of feedlot cattle can be an indication of cattle temperament and beef carcass composition and quality. Meat Sci. 89:52-57.

Nutrition new arena for climate change politics

Scientists suggest environmental impact of raising animals for meat be considered in food pyramid

By Evan Halper

Tribune Washington Bureau
WASHINGTON — The political clash over climate change has entered new territory that does not involve a massive oil pipeline or a subsidy for renewable energy, but a quaint federal chart that tries to nudge Americans toward a healthy diet.

The food pyramid, that 3-decade-old backbone of grade-school nutrition lessons, has become a test case of how far the Obama administration is willing to push in pursuit of its global warming agenda.

The unexpected debate began with a suggestion by a prominent panel of government scientists: The food pyramid — recently refashioned in the shape of a dinner plate — could be reworked to consider the heavy carbon impact of raising animals for meat, they said. A growing body of research has found that meat animals, and cows, in particular, with their belching of greenhouse gases, trampling of the landscape and need for massive amounts of water, are a major factor in global warming.

Cattle industry representatives quickly raised the alarm, summoning help

“

There is an anti-meat agenda out there, and this is a way to go after meat. We need to just focus on nutrition. Once you bring up these other things, it undermines the legitimacy of the guidelines.

DAREN BAKST, Heritage Foundation fellow

from Republicans in Congress and their allies.

“There is an anti-meat agenda out there, and this is a way to go after meat,” said Daren Bakst, a fellow at the Heritage Foundation, the conservative research and advocacy organization. “We need to just focus on nutrition. Once you bring up these other things, it undermines the legitimacy of the guidelines.”

Administration officials are already enmeshed in bitter fights with Republicans over coal-fired power plants, methane emissions from oil and gas production, and regulation of automobiles. Whether they have the stomach for



TNS

Research has shown that raising animals for meat is a major factor in global warming because the animals produce high greenhouse gas emissions and require massive amounts of water. A panel of government scientists suggested reworking the food pyramid to consider the environmental impact of raising animals for meat.

adding a food fight to the list remains uncertain. But the possibility that climate change politics could affect nutrition guidelines serves as a reminder of how many parts of daily life the struggle to limit global warming can reach.

“We can’t solve the climate problem with just what we are doing with fossil fuels and energy,” said Doug Boucher, director of climate research at the Union of Concerned Scientists, which is lobbying for

changing the pyramid. “Food is a big part of it.”

The food pyramid is just the latest function of government where climate change looms large after years of not being a consideration.

Legions of military officers are focused on shifting the nation’s fighting force to clean energy, hoping ultimately to not only limit global warming but also save money and reduce the need for huge, vulnerable oil supply lines. The

Department of Housing and Urban Development is pushing a green building portfolio. Even the Department of Education is required to regularly produce a climate change action plan.

But the stakes are high when it comes to steak. The dietary guidelines embodied in the pyramid are the core of the nation’s food policy. And although the nation’s obesity epidemic raises questions about how much the guidelines affect

public behavior, they do shape billions of dollars of government programs, including school lunches and food stamps.

Environmental and animal rights groups see the discussion of the role food plays in climate change as an opportunity to reach a vast new group of Americans.

“People care a lot more about their own personal health than they do about the environment or animal welfare,” said Michael Jacobson, executive director at the Center for Science in the Public Interest in Washington. “So these groups are hoping to make progress on their issues by linking them to healthier diets.”

A revamp of the food pyramid to take climate into account would be a bold step. Despite a major push by the United Nations for countries to rework dietary policies with an eye on climate impact, none has. The Netherlands is expected to be the first when it releases a new chart illustrating food guidelines this year, said Kate Clancy, a longtime sustainability advocate who advised the federal panel.

“This is a way to get people to think about how their food is produced,” Clancy said. “We should not be making it seem like there is no connection between what you eat and its impact on the planet.”

Support

HB 1238

1/30/15

#16

HB 1238, Beef Checkoff Enhancement Bill

Chairman Johnson and members of the House Ag Committee, my name is Steve Brooks and I am a beef producer from Bowman, N.D. I am here to testify in support of House Bill 1238.

I have been involved in the cattle business for over 40 years. I served six years on the N.D. Beef Commission from 1991 to 1997. At that time, I represented N.D. at the Meat Export Federation for three years. I also served eight years on the Certified Angus Beef board, the largest branded beef program in the world, and eight years on the American Angus Board. I am currently the president of the N.D. Stockmen's Association.

This background gave me a firsthand look at the beef checkoff being used to promote beef and the research to develop new cuts, heat-and-serve meals, new packaging and recipes, cooking tips and techniques, and nutrition information. Much of this research was leveraged with more dollars from exporters, packers, retail food stores, and restaurant and foodservice to bring beef to the center of the plate for Americans and people around the world.

One of the latest studies by Cornell University on the beef checkoff from 2006 to 2013 showed there is an impressive return on investment. Holding all other demand drivers constant, the activities funded by the beef checkoff resulted in an increase in beef demand of 2.1 billion pounds per year. Had the beef check off money not invested in foreign market development between 2006 and 2013, foreign demand for U.S. beef would have been 6.4% lower.

Our \$1-per-head checkoff that was put in place in 1985 is running out of steam. Because of inflation, it is buying less than half of what it did in 1985. Our ranch sold fat steers for 58 cents per pound in 1985; today, they are bringing around \$1.60 cents per pound. If we increase the beef checkoff \$1 per head now, it will still be a smaller percentage of the check than it was in 1985.

House Bill 1238 would give North Dakota beef producers the added resources to continue this important program to market our beef. For those that don't agree, HB 1238 has the built-in refundable portion of the bill.

I ask for your vote to support HB 1238 to invest in the promotion, research and continued beef education of our product.

Thank you. I would be happy to answer any questions.

HB 1238

1/30/15

Jack Dahl

#17

Dear House Ag Committee Members:

I wish I could be at your hearing in person but circumstances just don't allow that today. I am, however, very supportive of HB 1238 and would like to bring a few points to the table having been proud to serve on the very first board of the ND Beef Commission in 1973. At that time the checkoff rate in ND was \$.10 per head.

Rick Warren (founder of Saddleback Church, a mega-church in Orange County, Calif.) said "When the speed of change around you (or your organization, your business, your industry) is faster than the speed within you (or your organization, your business, your industry), you become irrelevant."

In a nutshell, that is what the ND Beef Commission is charged with doing. Keeping beef relevant (as a "center of the plate protein source") is a challenge in and of itself, and doing that with a 1986 valued dollar in today's society is a near insurmountable task.

Beef producers have always been frugal; we have had to be to stay afloat in business. The volunteer members on the ND Beef Commission have had to be even more frugal. Beef Commission members like me at the beginning all the way through to my son, Jeff, who today is a member of the Commission, have worked hard to right a sinking ship of falling beef demand in the late 80's and 90's and put the beef industry on the course of increasing demand that we see today. They all need to be congratulated for their efforts in that arena, especially when they are doing so today with 42 cents per head, which is what the \$1.00 1986 check-off amount is worth today.

Future commission members will be tasked with not only keeping beef demand up with "Millennials" but also with the "Generation Z'ers" (the next generation of consumers). Generation Z is growing up with little or no connection to agriculture or understanding of where their food comes from. They don't know who the people are that are proud to be producing it. They also are concerned about being healthy and think the only way to do that is by eating "organic" foods, buying local, buying fresh and becoming a vegetarian.

These additional checkoff funds need to be available to do the research, education and promotion required to help keep beef relevant, and keep the beef industry a sustainable industry. For my family and our state's future, we need to keep beef as the "center of the plate" protein source with facts (not emotion) to tell the amazing story of how we take sunlight, water, earth and seeds to grow grass and turn that inedible product into a delicious, nutritionally dense, easily absorbed food source. If we don't, there may soon come a day when the beef industry is irrelevant.

And finally, I would ask this question. Are those who are opposed to increasing the funding to a beef industry self-help program, willing to take the responsibility for falling demand and helping to make the beef industry irrelevant for their children and future generations of beef producers?

Sincerely,

Jack Dahl, Dahl Land & Cattle

1/30/15

#18

Good morning, Mr. Chairman and committee members. My name is Margie Hande. I am an Amidon, N.D., cattle producer and a past checkoff leader. I am here in support of HB 1238.

I served on the State Beef Commission from 1997-2003 – 6 years. Then, I was appointed to serve on the Cattlemen's Beef Board from 2006-2011 – 6 years. The entire time I was working on these boards, I hoped that the checkoff would be increased, because I saw – and continue to see – the value it brings to ranch families like mine.

Most of my time was spent on the national retail committee. We worked on some excellent programs to get more beef through the grocery stores. We were trying to get that job done in 2010, but with a 1986 budget. We are working with that same budget today. Cuts were made and lots of good projects were eliminated. The Beef Board members took their jobs seriously, and everyone carefully watched how those dollars were spent. We had to answer to the producers and neighbors back home. We were trained on which areas that checkoff dollars could be spent, and we also knew what areas checkoff funds could not be used for.

The checkoff is a great program. I don't know why any producer would not want to contribute to the promotion of his or her product when the results have been so outstanding. Still, this bill would offer a refund of that state dollar if it was requested, so this bill is a no-brainer. Cattle prices are at an all-time high. What could be a better time to increase an investment in our business?

Thank you for your consideration of this bill.

Margie Hande, producer
Amidon, ND

1/30/15

#19

Testimony in support of HB 1238 by Jim and Jody Hauge, Mandan, ND.

We farmed and ranched for 35 years in the Carson area. Our two sons have taken over Blue Hill Ranch and are not only making their living with cattle and crops but are raising the potential fifth generation of farmers and ranchers on that ranch.

In addition to Jody and me making our living off of livestock on Blue Hill Ranch, we have been involved in self-help check off programs. Jody served on the National Pork Producers Council (NPPC) Board of Directors as well as national vice president of NPPC's Pork Council Women before it merged into NPPC. I served as the Chairman of the National Live Stock and Meat Board from 1994-96.

We support HB 1238 for several reasons.

The first is that it is a self-help program, producers helping them-selves. If we don't help ourselves, who is going to help us? We need to be writing our own agenda rather than have others write it for us. We need accurate science to be able to defend against animal rights groups and other groups that would like to put us out of business. We need to be on the cutting edge of research to help us remain competitive in a very competitive world. We need to help promote new products and a convenience that today's modern consumer demands. We need to continue to advertise showing the public the healthful advantages of lean beef, along with the taste that we all enjoy.

Our second point is the beef check off has not keep up with inflation. The national beef \$1.00 check off that was passed in the mid 1980's has seen its value eroded by inflation. Back then a rancher could buy a nice pickup for about \$10,000, while today a pickup will cost upwards of \$40,000. Advertising and other costs have gone up in similar proportions. The passage of an additional \$1.00 check off is probably not adequate but is certainly a good first step. When the national beef check off was passed, pork producers also passed a similar national check off but it was based on a percentage of value. If the beef check off was based on percentage of value, with today's prices the check off would probably be in that \$4-5.00 range.

The third reason for supporting a stronger check off is to help provide a future for the fifth generation at Blue Hill Ranch. We continue to see groups that want to take away our individual freedoms. We need to back our arguments with sound science to help protect those freedoms and to have successful promotion programs so there is a future in beef production in North Dakota.

We thank for the opportunity to present this testimony in support of HB 1238 and respectfully ask for your favorable consideration towards it.

Thank you.

Jim and Jody Hauge

House Bill 1238

1/30/15

#20

Letter to House Ag Committee

Dear Mr. Chairman and Members of the Committee,

My name is Fred Helbling, Mandan, North Dakota. I am here asking for your support on House Bill 1238. As a farmer and rancher our operation has been paying the one dollar a head checkoff since its inception in 1985. I believe the benefits the cattle industry has realized are a result of the producers backed and funded beef checkoff. I also feel the need for the increase is justified due to the fact the buying power of a dollar is a fraction of what it was in 1985. Beef producers are proud of their product and in support of the beef checkoff. For those not in favor of the one dollar increase, the extra dollar can be refunded.

Over the last 28 years, I don't think anyone can honestly argue the National Beef Checkoff has not been positive for the beef industry, not only in North Dakota but nationwide as well.

Thank you for your time,

Fred Helbling

HB 1238

1/30/15

Steve Koester
Koester Red Angus
701-475-2736

#21

I am truly excited about the opportunity to share my enthusiasm toward boosting our Beef Checkoff program. As a seedstock operation in south central North Dakota, the magnitude of this potential increase in funding is paramount to the success of my customers.

Support

The benefits that our industry has seen from the existing Checkoff have been great, but as you know our dollar does not have the buying power it has in years past. The beef industry needs to be front and center in the protein market and our Checkoff dollars help tremendously in this department that is essential for the success of our cow-calf operations in North Dakota.

This proposal uses dollars from within our own industry put back into our own industry, which past history dictates the huge success story it has been. These dollars are used for research, education, promotion, market development and countless other great endeavors.

The North Dakota and U.S. beef industries are the envy of the world for being the highest quality, safest, most nutritious and most wholesome protein source available and we need to continue this legacy.

Thank you very much for your consideration. Steve

HB 1238

1/30/15

Good morning ladies and gentlemen,

#22

My name is Jeff Schafer and my family and I are 5th and 6th generation beef producers. We are passionate about our industry and the beef check off. As a family we have been blessed to be successful much like the check off with an approval rating well over 70% in addition to returning \$11.20 back to the producers who invested their dollar in the current check off!

Support

We need this additional dollar that our very own state beef commission has control of to keep beef front and center of all consumers, or the competing proteins will beat us to our consumer.

The fee hasn't increased since 1985. Instead of having a full dollar of spending power it's closer to .42! That is quite a difference. To put this in perspective a movie ticket averaged \$3.71 versus \$8.08 and a gallon of gas was \$.89 versus an average price of \$3.31 as of October of 2014.

The other important component of this bill is the fact it is refundable for anyone who doesn't want to participate or doesn't see the true value of a successful check off.

Twelve states have moved forward with an increase on their own. We are not trying to do something that hasn't been done already. There truly is a need.

Thanks for your attention to this important matter for the future of my family and yours. The check off has worked well in the past and will continue to serve its purpose with more revenue to compete in a highly competitive marketplace with ever rising costs and escalating challenges in all sectors it touches.

Jeff Schafer
New Rockford, ND

Support

HB 1238
1/30/15

H23

Good morning Representative Johnson and Ag Committee,

I am Kathy Tokach, from St. Anthony, ND and I am lifelong beef producer, a Mom, a CattleWoman and a nurse. It is in these roles that I utilize checkoff information, data and scientific research. I am currently on the ND Beef Commission Board but today my comments are based on my roles as a beef producer, Mom, CW and nurse.

As a Mom, when my children needed a topic for a speech, whether it was 4-H, FFA or classroom, their question usually was, Mom, what is the name of that website to find my beef information from? They knew beef.org would lead them to topic ideas and the scientific information and data they knew was needed for their beef topic. My children benefitted from the checkoff funded information early in their academic years and my youngest who is still in college continues to write speeches and papers on 'beef topics'.

As a CattleWoman, I volunteer numerous hours doing classroom presentations, beef promotions, beef education presentations, beef runs, etc. This information (in my hands) that the checkoff has provided, allows myself and all CattleWomen to have the current, scientific and factual beef information so we can appropriately and accurately work with children and teachers. There is also information we use to communicate to consumers, whether it is the science of the 'BOLD' research, the 'Beef's Big 10' to what cut of beef to use and how to prepare it. There are also numerous training sessions, webinars, conference calls available to provide me with the appropriate skill sets to accurately present the Beef information and message. All because of the Beef Checkoff, myself and Cattlewomen across the state are not only able to share their passion for the beef industry but do it with scientific facts, information and materials.

As a nurse, I have spent years working with the patients that needed nutritional guidance and information. I had spent many of years frustrated listening to dieticians tell fresh 'open heart' that they need to take 'red meat' out of their diet. You can imagine the number of unhappy 'beef eaters' after that piece of information. With the Checkoff research, the BOLD study was completed. This research showed that eating lean beef can help lower cholesterol levels when part of a heart-healthy diet and lifestyle.

(Extra info (This study was published in the American Journal of Clinical Nutrition, where researchers from Penn State University found that people who participated in the Beef in an Optimal Lean Diet (BOLD) study, consuming lean beef daily as part of a heart-healthy diet, experienced a 10 percent decline in LDL "bad" cholesterol.)

Along with the BOLD study, American Heart Association's has given their stamp of approval on 6 extra lean beef cuts. *(These cuts with the Heart-Check mark include the following USDA Select grade cuts: Sirloin Tip Steak, Bottom round steak, top sirloin stir-fry, boneless top sirloin petite roast, top sirloin filet and top sirloin kabob.)*

So now, we that have the research, we need to aggressively get that information out to the Medical Community. Among many of my colleagues, I was known as the 'Beef Lady' or I would

hear the comment, 'here comes the beef' as I was walking down the hall and many peers would be sure to let me know what cut of beef they enjoyed over the weekend or for supper. I proudly shared as much of the checkoff information that I could, I gave them websites to refer to and would bring printed information that they asked for.

Now, as a nurse, I am personally waiting for research to be started and completed on 'Beef's role in diets with the epidemics we are having with Diabetes and Obesity.

As you can see, I utilize the checkoff funded research and information in my many roles. But I also know that with fewer cow numbers there are fewer beef checkoff dollars and much more research and educational training needed, to continue to get the Beef message to today's consumers. And once the research is completed, we need to get it to the consumers. These are a few of the reasons I support the Beef Checkoff.

Thank-you for allowing me my share comments today.

Respectfully,

Kathy Tokach

kattokach@gmail.com

5520 County Road 81
St. Anthony, ND 58566

Support

HB 1238

#24

Testimony for the House Ag Committee, January 30, 2015
Presented by Gabe Thompson, Jr., Antler, ND

Good morning Chairman Johnson and members of the House Ag Committee.

My name is Gabe Thompson Jr. and I am speaking to you today as the 3rd generation producer of a now 4th generation cow calf operation along the Canadian border near Antler. Today, my comments as a producer are focused on the value the Beef Check Off has returned to my family's cow calf operation. I have also been given the opportunity to serve on the ND Beef Commission as a director, and the past 4 years in that position has given me a more thorough and direct insight into how this value is accomplished than I had prior to my involvement with the Check Off. However, I want to make it very clear today that I am appearing here on my own as a beef producer and am not in any way speaking on behalf of the Beef Commission.

A reliable measurement of responsible management in a financial endeavor is the Return on Investment. This past year, a study examining this ROI measurement was commissioned by the Cattlemen's Beef Board and performed by an independent research institution of Cornell University. Dr. Harry Kaiser at Cornell University has performed more than 100 return-on-investment studies, many of them on commodity research and promotion programs such as the beef checkoff.

A summary of this latest comprehensive study is shared in the handouts accompanying my testimony along with a link to the entire study that contains additional links to various break downs to review for factual reference.

In a previous 2009 study of the Check Off value, it was determined that there was a \$5.55 ROI. While this is a good mark in itself, this study only examined domestic retail data based on household measuring demand as well as other retail sales data alone.

In seeking to provide the CBB a much more complete analysis of the National Check Off investment impact and value, Dr. Kaiser examined 9 areas in the 2014 study including:

1. Advertising
2. Channel marketing (which includes retail and food service)
3. Industry information
4. New product development
5. Consumer public relations
6. Nutrition research
7. Product enhancement research
8. Beef safety research and
9. Foreign marketing

It also included a more accurate, broader base of ALL beef marketing disappearance including Retail plus Food Service and International Marketing.

And in as comprehensive and complete a study as our industry has seen of the value returned from the investment of the Beef Check Off, a ROI of \$11.20 for each dollar invested in national programs was realized.

Another independent company, Cattle Fax, provides additional data that I think adds even more backing for how the beef Check Off adds significant value to producers and that's regarding the value foreign markets and global trade has given our industry.

In the latest report from Cattle fax, in August of this year the export value of fed slaughter returned \$326.94 per head to producer's pockets.

This significant value, which increased 29% over the previous year, and is up from \$217.73 in 2012, can be reasonably assumed to be, in part, a direct result of the investment of Check Off dollars in global beef marketing and promotion by the US Meat Export Federation.

Variety meats and by products alone which hold a minimal value domestically have returned over \$80 per head of additional revenues thru foreign markets with stomachs selling for \$6 per lb to Asian markets, the same price as a sirloin steak sells for domestically, and tongues selling for an additional \$12/lb over domestic markets.

There is a real and measurable value to the producers that pay the Check Off that I and others believe is accurately measured in this ROI study.

While opponents of this bill have gone to the extent of bringing an out of state member of the Cattlemen's Beef Board, David Wright, in to your interim committee to question the use and value of the Check Off dollar and the information presented in support of this bill such as this study, I think it is important to remember that in 2014, the 103 members of the Cattlemen's Beef Board were ultimately responsible for having this independent research study conducted and stood behind the results when these facts were published for beef producers like myself that are responsible for these accomplishments thru our investment in the Check Off.

In closing, as a North Dakota producer I have seen a direct value in the return on my investment in our industry thru the Check Off which value I hope to continue to grow as my family is involved in our operation.

I thank you for the opportunity to speak here today, and will do my best to answer any question that might be offered.

DID YOU KNOW

EVERY **DOLLAR INVESTED*** RETURNS **\$11.20?**

Beef Safety Research

Identifies potential risks to beef safety and develops solutions to maintain a safe beef supply for consumers



Public Relations

Proactively shares positive beef messages with consumers, health professionals and other food influencers



Product Enhancement Research

Discovers new ways to improve beef quality, consistency and value, including research focused on new cuts, taste, tenderness and carcass value



New Product Development

Works with industry leaders to develop new beef products, plus shares beef recipes and cooking tips



Advertising

Creates all domestic consumer advertising –radio, print, outdoor and digital – to reinforce how beef is part of their everyday life



Foreign Marketing

Provides beef market development, promotion, research, consumer and industry information in more than 100 countries worldwide



Channel Marketing

Develops all promotions, training and other programs to help promote beef in restaurants and grocery stores



Nutrition Research

Focuses on beef's role in human nutrition as it relates to overall health and well-being



Industry Information

Safeguards the image of the beef industry by responding to, and correcting, misinformation about beef and sharing the beef production story



*From the Cattlemen's Beef Board budget

GET TO KNOW
YOUR CHECKOFF

MyBeefCheckoff.com



SHARE
THE FACTS



#beef11:1

Funded by the Beef Checkoff.

ROI Study Shows \$11.20 Return on Beef Checkoff Dollar

by Randall – July 31st, 2014



DENVER, Colo., July 31, 2014 – In the most comprehensive study ever rendered about the Return on Investment (ROI) of beef checkoff assessments, Dr. Harry Kaiser of Cornell University concludes that each dollar invested in the Beef Checkoff Program between 2006 and 2013 returned about \$11.20 to the beef industry.

“The news for beef checkoff investors couldn’t be better,” said Kaiser, the Gellert Family professor of applied economics and management at Cornell and director of the Cornell Commodity Promotion Research Program, who is sharing study results this week at the 2014 Cattle Industry Summer Conference.

“It is clear to me that activities funded through the Beef Board budget have a substantial impact on beef demand in the U.S. and in foreign markets. The return on producers’ and importers investments into this program is vastly greater than the cost of the program.”

Commissioned through the checkoff’s Joint Evaluation Committee, this new ROI study could be a useful tool for producers who make decisions about how to invest checkoff dollars.

“This really tells us that we’re on the right track with how we plan our checkoff programs,” said cattleman Ted Greidanus of California, who chairs the checkoff’s Evaluation Committee. “We are accountable to beef producers and importers who fund the work we do with checkoff dollars, so we wanted to know how much difference we were really making in the marketplace, good or bad — and I must say that I am quite pleased at how good the news really is.”

Some additional key findings in Kaiser’s benefits-cost analysis include

- Had there not been any CBB-funded marketing between 2006 and 2013, total domestic beef demand would have totaled 15.7 billion pounds – or 11.3 percent less than it was with the checkoff programs in place. Holding the effects of all other demand drivers constant, the activities funded by the CBB resulted in an increase in beef demand of 2.1 billion pounds per year.
- Had the national Beef Checkoff Program not invested in foreign-market development between 2006 and 2013, foreign demand for U.S. beef would have been 6.4 percent lower.
- The statistical results indicate that all eight CBB demand-enhancing activities — generic beef advertising; channels marketing; industry information; new-product development; public

relations; nutrition research; beef-safety research and product-enhancement research — have a positive and statistically significant impact on increasing per capita beef demand.

- At the bottom line, the increase in beef demand due to CBB-funded marketing efforts resulted in higher prices for beef producers and importers, which means higher net revenue than they would have experienced without those checkoff programs.

Given the tremendous budget challenges of the checkoff in recent years, the Cattlemen's Beef Board commissioned the all-encompassing study to provide a more thorough evaluation possible of checkoff activities than it traditionally has. As a result, this new study presents a more complete and accurate picture of checkoff returns and provides a new benchmark.

"Let me caution against trying to compare the results of this study with the 2009 study, which reported a return of \$5.55 on each checkoff dollar," Dr. Kaiser said. "This time around, the Beef Board asked for a more comprehensive study than ever before, so I evaluated all commercial beef disappearance, including retail, foodservice, and international data over eight years, whereas the 2009 study looked solely at domestic retail data for a five-year period.

"Furthermore," Dr. Kaiser continued, "my study analyzed individual categories of nine marketing categories separately, and then brought the categories together to identify an overall beef checkoff return on investment. In 2009, the Beef Board commissioned a study analyzing only the checkoff as a whole."

Greidanus said he is quite confident in the study results.

"As chairman of the Evaluation Committee, I know that Dr. Kaiser's research methods are well-respected, so we are very confident about the analysis and very pleased with the results," Greidanus said. "And this tells us that the benefits of all CBB programs are 11.2 times more valuable than their costs... As a cattleman who pays into the program, it's invigorating to know that my investment is making a difference."

Kaiser, who has performed similar analyses for other checkoff programs, said the results should be encouraging to the country's beef producers and importers.

"If I was investing my hard-earned dollars into the checkoff, as beef producers and importers are, I would be proud to do so, based on the findings of this study," Kaiser said. "Most of us probably wish we could get that kind of return on all of our expenditures!"

Link to complete study: <http://www.beefboard.org/evaluation/140731ROILandingPage.asp>

1/30/15

HB 1238

#25

Support

Thank you committee members for allowing me the opportunity to talk to you today about something I am very passionate about.....animal agriculture. My name is Jolyn Wasem. My husband Chris and I along with our 2 young daughters run a cow calf and seedstock operation near Halliday. We are still in the building phase of our operation. As we try and build our herd as well as acquire more land, my husband works full time off the ranch, and I part time. The reason I am telling you this, is for you to understand that we really know the value of the dollar, cattle prices and land prices are high, so saving a dollar every chance we get is important. Saying this one might assume that we would be against raising the checkoff because it would be an extra dollar out of my pocket on sale day, but it is quite the opposite. I am passionate about raising cattle, as well as giving my daughters the opportunity to do the same when they grow up. I know how valuable that dollar is when it comes to getting out and telling the beef story. As a producer my husband would never have the time or money to go out and educate people about what we do on the ranch, and how important beef is, but we know having people that can go out and do that is extremely important for our industry.

As the current Vice President of the North Dakota Cattlewomen, I can tell you our organization does just that. We are a boots on the ground group of women voluntarily going into the schools, setting up informational booths at fairs, serving hamburgers at different events, speaking out telling our beef story, educating and promoting beef. Each day it seems as if there are negative news releases regarding the livestock industry. The latest being people thinking they are getting antibiotic resistance from eating beef. I know if our industry doesn't have the funding to get out there and educate and promote our product backed by sound research, we may not have a future in animal agriculture. My daughters may not get that opportunity to run the ranch.

One might think that this isn't a problem in ND being it is an agricultural state. But, I am here to tell you first hand that it is. I have talked with people across the state about beef and they have so much to learn. Many children have not been to a ranch, and don't know where hamburger comes from; they are one, two and sometime three generations removed from the ranch. Many adults don't know the importance of beef in their diets, there are 29 lean cuts of beef giving you 10 essential nutrients in a 3oz serving. So what does this have to do with increasing the checkoff? The North Dakota Cattlewomen apply for partial reimbursement through the beef commission for our educational and promotional events. In the 2013-14 fiscal year we reached over 72,000 consumers telling them our beef story, and giving them a positive beef image, this was all done with volunteer hours. This would not be possible without the checkoff dollar. There are several organizations out there, as well as ours that could do even more with an additional dollar, and as a producer I would be happy to pay it.

As a livestock producer I ask for your support for HB 1238.

On behalf of the North Dakota Cattlewomen I ask for your support for HB 1238.

Thank you for your time.

Sincerely,

Jolyn Wasem, livestock producer, Halliday ND
North Dakota Cattlwomen, Vice President

HB 1238
1/30/15

#26

Good Morning Chairman Johnson & House Ag Committee Members:

My name is Kerry Dockter, a beef producer from Sheridan County. I am a member of the Independent Beef Association of North Dakota and I am strongly opposed to any increase in the beef check off at this time.

It has been recognized by USDA at the national level as a failed system and I also feel at the state level. At this time I would like to challenge our State Beef Council to stop and develop a model that works to prove to the industry and our own producers where our check off dollars can be more efficiently spent. As an example; being a past school board member it has been an ongoing concern for years as to the amount and quality of beef being used in our school hot lunch programs. I recently visited with our School Superintendent and was informed that they do get hamburger which is fair quality but that is the only form of beef that they get. If they want to serve any other cuts of beef they have to purchase it themselves. However, they can get all the chicken they want. This is a commodity that does not pay into a check off.

I believe this is a place our beef check off has failed us. The guidelines for the hot lunch programs are always being revised and for many students it may be the only nutritious meal they get for the day. How are they to grow up appreciating good beef if they don't have the opportunity to eat it when they are young? With all of the beef being raised in our state, it should be the first choice of protein in our hot lunch programs.

For these reasons and more I strongly urge a NO vote on HB1238. Thank you.

1/30/15

#27

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January 29, 2015

Written testimony in opposition to HB1238 is provided by: Roger & Becky

Graner Huff, ND bgraner@ceas.coop

Chairman Johnson and House Agriculture Committee Members,

We have been involved in the livestock industry for over 35 years. We are frustrated that a bill has been filed that asks you, as legislator to decide whether or not we as the payers of this extra \$1 want to contribute more money to the Beef Checkoff program. Producers should be deciding this issue. And any additional monies must be voluntarily contributed, NOT refunded. In reality the ability to contribute more than \$1/head to the Beef Checkoff is already an option. However, little effort has been made to tap into this option. If we felt the program was worthy of a donation, we would have already made out our check. We are opposed to any increase in the state Beef Checkoff.

Recently we asked for a copy of the plan the ND Beef Commission will use if the additional money becomes available. We assumed that since the additional \$1/head would potentially add over \$1million dollars to the commission's budget, there must be a proposal and plan regarding it's' use. Here is the response we received.

Dear Roger & Becky:

You are correct that the passing of this specific bill would increase the funds available for demand building programs that the ND Beef Commission is responsible for in our state. However, at this point in time, the end result of the legislative process is unknown. The assessment rate per head, details surrounding refunds, and potential amendments affecting the final outcome are yet to be known.

While these questions all remain to be determined, what the ND Beef Commission does know is this. Should this bill pass, the Beef Commission would welcome the additional funding for beef demand building programs that state and federal laws allow it to be invested in. These *programs include beef promotion, research, education, consumer information, industry information, producer communications, international promotion, and collection and compliance.*

As I hope you realized from my presentation at the Interim Ag Committee meeting in late 2014 and from your own personal experience, the dollar we collect today has far less buying power than it did in 1986. While the programs funded today on behalf of beef producers are very strategic, targeted, and successful, many other great programs have had to be dropped over time.

The ND Beef Commission is ready and able to develop the types of plans and programs additional funding would make possible. This process begins each spring with a strategic planning session that sets the direction, followed by marketing planning that sets the program and budget. Once the outcome of the ND Legislature is known, the appropriate planning will go into motion. If that means no increase, we will proceed to make the most focused plans possible to reach our target consumers. And if there is a beef checkoff increase, we will also proceed to make the most focused plans possible to reach our target consumers. [added BOLD and emphasis ours].

Best Regards,

Nancy Jo Bateman
Executive Director
ND Beef Commission
4023 State Street
Bismarck, ND 58503
701-328-5120 or 1-877-321-BEEF

Our overall conclusion is this: there is no plan that will be shared, if there is a plan at all.

Let us provide further insight on several points:

Should this bill pass, the Beef Commission would welcome the additional funding for beef demand building programs that state and federal laws allow it to be invested in. These *programs include beef promotion, research, education, consumer information, industry information, producer communications, international promotion, and collection and compliance*.

It appears, the money will be re-invested in some manner, but how that will be handled was not shared. At the October Interim Ag Committee meeting, a graphic was shared that showed beef consumption was high from Texas straight up through North Dakota. We are curious with such a saturated market in North Dakota, why would we need even more money

thrown at this program. In the marketing world there is such a thing as the law of diminishing returns. This essentially means, more money does not equate in a bigger market share. In fact it may well be a waste of money. A Google search of the words "beef recipes" quickly found over 60 MILLION hits for recipes on how to prepare beef. We don't think we need many more recipes.

In the arena of research we looked at what has been labeled research. Most "research" conducted falls under the category of "opinion survey". Conclusions are often made about success based on public opinion or worse counting of participants attending free programs as an indicator of success. These conclusions are erroneous in that you cannot generalize these types of findings to other groups. You can ONLY report on what you find within the surveyed group. There are claims that this research informs health care providers, nutritionists, and policy makers. Anyone with any education in appraising research would discount much of the work done as flawed in method, flawed in conclusions, and mostly skewed as the funding comes from an organization that has a huge stake in finding a positive outcome for beef. Sort of like a drug company "researching" their new pharmaceutical. One should be suspicious. And yet, we continue to pay for research that is mostly dismissed.

You have no doubt been plied with the study that shows for every dollar invested we get \$11.20 back. When we first saw this we thought, good maybe now, they will stop begging for more money... that is a remarkable return on investment! But, no the conclusion is heh, throw another dollar and we can double our return. Such flawed thinking is almost funny, if it were not so sad. An interesting finding about the author of this study, Harry Kaiser is that:

Harry M. Kaiser, a professor of agricultural economics, joined Cornell's faculty in 1985. His two main areas of research are commodity promotion economics and agricultural policy analysis. Since 1994, professor Kaiser has been the director of the Cornell Commodity Promotion Research Program.
<http://commodity.dyson.cornell.edu/staff/harry/harry.htm>

You as legislators well know higher education pushes professors to find an area of research to fill the coffers of the University. Kaiser is certainly no fool. He writes:

"For many agricultural commodities, government price intervention has led to excess production relative to commercial market needs with the result being costly acquisitions by the federal government. Much of my research

has focused on the market impacts of demand and supply management alternatives aimed at reducing excess production. On the demand side, I have examined the economic impacts of producer-financed promotion programs on raising sales and prices and reducing government purchases of commodities. On the supply side, I have looked at the welfare effects on producers, processors, consumers, and tax payers of a variety of supply management policies including complete and partial deregulation, mandatory and voluntary supply control, target price-deficiency payments, and price supports. While most of my research has been applied to the dairy industry, I have examined many other commodities as well, including eggs, corn, soybeans, wheat, sorghum, and red meat. As director of CCPRP, my goal is to *conduct high quality research that has practical importance for both policy makers and commodity promotion organizations.*"

It is troubling that a researcher makes his living on making sure commodity promotion programs take care of us pesky "costly acquisitions" and our "welfare effects". And it doesn't take a genius to see how the dairy industry is doing.

By the way Cornell, the home of Dr. Kaiser is also the home of this program: "The Center, in partnership with Cornell University, offers a highly successful online certificate program in Plant-Based Nutrition. Based on the work of T. Colin Campbell" (co-author of the China Study which advocates for a meatless diet). You see this "certificate in plant based nutrition" credential with many anti-ag and especially anti-meat folks. So, Cornell plays both sides, and we are foolish enough to fund Kaiser's studies.

Today's Ag Education and in turn the programs produced by the Beef Commission follow the style set forth in a 1988 study.

In 1988 The National Research Council published "Understanding Agriculture- New Directions for Education" and has remained the foundation upon which most Ag Education has been created since that time.

<http://www.nap.edu/catalog/766/understanding-agriculture-new-directions-for-education>

"The committee envisions that an agriculturally literate person's understanding of the food and fiber system includes its history and current economic, social, and environmental significance to all Americans. This definition encompasses some knowledge of food and fiber production, processing, and domestic and international marketing. As a complement to instruction in other academic subjects, it also includes enough knowledge of

nutrition to make informed personal choices about diet and health. Achieving the goal of agricultural literacy will produce informed citizens able to participate in establishing the policies that will support a competitive agricultural industry in this country and abroad." (p. 1-2).

A whole industry has grown from this 1988 report. And according to Kovar & Ball (2013) who conducted a synthesis of the literature on the topic of Ag Literacy, little to no research has been conducted that specifically answers whether or not the education efforts have been successful. For the most part what has been studied are elementary teachers and students and the immediate results the participants demonstrate through tests that measure memorization skills. Whether or not we have grown agricultural literate adults from those children over the span of years since 1988 has not been answered. And yet we continue to put millions of dollars toward these programs that assume they are influencing adults in the direction that supports the Ag industry. Nowhere is there a study that measures if we have achieved the goal that "agricultural literacy will produce informed citizens able to participate in establishing the policies that will support a competitive agricultural industry in this country and abroad."

If nothing else time has hinted we may have failed miserably given the preponderance of anti-ag and anti-beef/meat agents that loudly fight against us. Educating the agriculturally illiterate may not be the solution it was hyped to be.

And lastly, we looked at producer information. Full color advertisements in cattlemen's news journals. You tube "info-mercials". All trying to convince the producers of what a great job the Beef Commission has done. Where is the information in the form of meeting minutes, spreadsheets, criteria /matrix for decision making, and or outcome evaluation that doesn't gloss over failures? We don't need nor want to be advertised to; we need data that has not been massaged into nothing more than clever advertising.
<http://www.beefboard.org/producer/checproducercommunications.asp>

We feel the state beef check off has long ago lost effectiveness, so at the end of the day, after you have been talked to death on this topic, remember: When your horse is dead, you dismount. You certainly don't buy it a new saddle.

Sincerely;

Roger & Becky Graner

Opposed

HB 1238

1/30/15

#28

Chairman Johnson and House Ag Committee Members;

Frank Tomac

Since the beginning of the Beef Checkoff established with the 1985 Farm Bill, we have seen continuous decline in beef consumption by the American public and continued decline of the market share of the top 3 protein food sources. Not one single year has there been an increase nor has there even been a leveling off of the beef consumption and market share! And the ND Beef Commission and the National Beef Checkoff think they're doing a good job?????? REALLY???

The Beef Checkoff is costing us money, not making us money, and we'd be better off without it. Let me explain; The Beef it's what's for Dinner ad campaign is old and needs revamped. Fact is, it's about 20 years behind. Pork has changed their ad campaign, and their consumption remains the same year after year, fact is, it's went up this past year.

Quite a few years ago, the US Dept of Agriculture came out with a new food pyramid and told the American public to reduce the portion size of red meat. And the Beef Checkoff embraced that idea and put it in all their ads and literature. REALLY??? So we have an ad campaign that might be recognizable, but really doesn't prove that it's working, and we have our checkoff dollars telling people to eat smaller portions. Do you see what's wrong? With that being said, do you think it's working? I don't. I'm sick of 'What's for Dinner' I don't even eat dinner, I eat SUPPER.

What would be wrong with Sam Elliot putting a 20 oz steak on his plate, telling the advertising viewers 'Beef, it's what for SUPPER' and then taking a to-go box and telling the viewers, 'it's what's for breakfast, too'!!!!!!!!!!!!!!

That's how ya increase consumption and that's how ya sell your product.

And I'm forced to contribute to an organization that I don't like. Money that I think could be better spent someplace else or with another organization. Let me put it to you in terms you outside of agriculture can understand; There's one dominant Church in the US, and that dominant Church goes to Congress and lobbies to have all Churches contribute \$1 per member to the dominant Church, because they're the largest and represent the most people. Then they run low on money, and go to Congress to ask for another \$1 per person. Would you be in favor of the first dollar? If so, would you be in favor of the 2nd dollar, regardless of which Church you belong to? I'm not. People belong to different Churches, because we all have different views. Cattlemen and women belong to different cattle organizations, because we have different views. We all have the same goal in mind, but we all have different ways of getting there. Let us spend the money how we best see fit and reach that end goal the way we see fit.

So ya see Members, we have a problem. And this problem needs to be fixed. You don't keep throwing money at a problem. Ya fix the problem first, and then..... then maybe you can throw more money at it. I would encourage you to vote no on HB 1238.

Frank Tomac
9999 57th Ave SW
Watauga, SD 57660
(701)522-3430
fktomac@sdplains.com

HB 1238

2/12/15


#1

Support

Mr. Chairman and members of the committee:

Jim Erbele
Thank you for allowing me to speak today on behalf of our family and especially my father, Ray Erbele, who, due to a severe shoulder injury and subsequent surgery was unable to be here today. Dad's an owner of Napoleon Livestock along with his partners George, Jim, and Paul Bitz. He is also my partner in a diversified grain, cow-calf, and feedlot operation. *8 miles South of Napoleon* Dad served on the ND beef commission from 2006 to 2012 and served as its chair for the latter 2 of those years- something that I might add, he is very proud of. Proud because of the tireless, and significant promotion that organization accomplishes for the beef industry that he is so passionate about. You have been given many facts and figures, today, of what these check-off dollars have done and continue to do in terms of research, development, ~~(maintenance,~~ reinstating, and expansion) of foreign markets and education of our consumers as well as future consumers with the implementation of the living Ag classroom. Please allow me to share just a few noteworthy comparisons:

| | 1986 <i>when the check-off started</i> | 2014 |
|-------------------|--|---------------|
| Gallon Gas | \$.89 | \$3.30-\$2.00 |
| Pound ground beef | \$1.29 | \$5.15 |
| Movie ticket | \$3.70 | \$8.00 |
| Average rent | \$385.00 | \$1,150.00 |
| Half ton pickup | \$10,667.00 | \$34,795.00 |
| Average house | \$89,430 | \$313,200.00 |
| 500 pound steer | \$64.00/cwt | \$270.00/cwt |

| | | |
|---|-------------|-------------|
| Purchase power of dollar | \$1.00 | \$0.42 |
| What it takes to equal a dollar | \$1.00 | \$2.37 |
|  Beef Checkoff | \$1.00/head | \$1.00/head |

Many of you in this room own and operate your own farm or ranch and know that your operating expenditures have increased exponentially as well. One other set of numbers that I feel is noteworthy:

| | 1986 | 2014 |
|----------------------------|-------------------|-------------------|
| Cow numbers | 44 million | 40 million |
| Commercial Beef production | 23 billion pounds | 26 billion pounds |

number not
seen

Our check-off is \$1.00/head with no correlation to pounds of beef so we have been promoting more pounds of beef with less dollars. One could argue that it is because of increased population that we have been able to consume those pounds of product, but would that not also quantify the fact that we need more dollars to reach more consumers and at least maintain, if not increase, market share of our product? I think we would all agree that the end product we are trying to promote and sell is BEEF! BEEF is what we all ultimately produce that affords us the opportunity to make a living on these family farms and ranches in this great nation, and in this great state of North Dakota. No matter which segment of this industry we are in, be it cow-calf, commercial feedlot, seed-stock,

veterinary medicine, order buying, custom hay grinding, or livestock marketing...BEEF is and should be the main focus of all our cumulative efforts. These check-off dollars not only have reach into our urban grocery stores and homes, but have an extension back home to our family farms and ranches. ^{right here in ND} The sustainability of this industry is directly tied to the investment we are willing to put back into it. No other \$1.00 investment on my ranch returns me over \$11.00. The way this bill is written allows for a 100% refund. If you feel you are not getting a good ROI, let me make the comparison of the purchase of a new round baler that now costs \$50,000.00 to illustrate this point. My dealer will allow me to use that baler all season to roll up the 5,000 bales that I need to maintain my cow herd and sustain my feedlot for the winter. At the end of the season I can go to that dealer and tell him that this piece of machinery really did not do what I wanted it to and get every penny of my \$50,000.00 investment back. The optional or "opt-out" provision of this bill would in essence allow me to do the same thing next year. Raising the beef check-off to \$2.00/head is the fiscally responsible thing to do for this industry that we all share a passion for. And our family respectfully urges a PASS vote on this bill.

Thank you for your time and consideration.

Rep. Dennis Johnson
2/12/15

#2
HB 1238

Barley -

4.1-02-16. Refund of assessment.

1. To receive a refund of any assessment paid in accordance with this chapter, a producer shall submit to the council a written request for a refund application within sixty days after the date of the assessment or final settlement.
2. The producer shall complete the refund application and return the application to the council, together with a record of the assessment collected, within ninety days after the date of the assessment or final settlement. The council shall then refund the net amount of the assessment that had been collected.
3. If a request for a refund is not submitted to the council within the prescribed time period, the producer is presumed to have agreed to the assessment.
4. A producer is not entitled to a refund under this section unless the refundable amount meets or exceeds five dollars.

Corn -

4.1-04-13. Refund of assessment - Form.

1. To receive a refund of any assessment paid in accordance with this chapter, a producer shall submit to the council a written request for a refund application within sixty days after the date of the assessment or final settlement.
2. The producer shall complete the refund application and return the application to the council, together with a record of the assessment collected, within ninety days after the date of the assessment or final settlement. The council shall then refund to the producer the net amount of the assessment that had been collected from the producer.
3. If a request for a refund is not submitted to the council within the prescribed time period, the producer is presumed to have agreed to the assessment.
4. A producer is not entitled to a refund under this section unless the refundable amount meets or exceeds five dollars.

Dry Bean -

4.1-06-15. Refund of assessment.

1. To receive a refund of any assessment paid in accordance with this chapter, a producer shall submit to the council a written request for a refund application within sixty days after the date of the assessment or final settlement.
2. The producer shall complete the refund application and return the application to the council, together with a record of the assessment collected, within ninety days after the date of the assessment or final settlement. The council shall then refund to the producer the net amount of the assessment that had been collected.
3. If a request for a refund is not submitted to the council within the prescribed time period, the producer is presumed to have agreed to the assessment.
4. A producer is not entitled to a refund under this section unless the refundable amount meets or exceeds five dollars.

Dry Pea and Lentils-

4.1-07-15. Refund of assessment.

1. To receive a refund of any assessment paid in accordance with this chapter, a producer shall submit to the council a written request for a refund application within sixty days after the date of the assessment or final settlement.
2. The producer shall complete the refund application and return the application to the

council, together with a record of the assessment collected, within **ninety days** after the date of the assessment or final settlement. The council then shall refund to the producer the net amount of the assessment that had been collected from the producer.

3. If a request for refund is not submitted to the council within the prescribed time period, the producer is presumed to have agreed to the assessment.

4. A producer is not entitled to a refund under this section unless the refundable amount meets or exceeds five dollars.

Oilseeds -

4.1-09-19. Refund of assessment.

1. To receive a refund of any assessment paid in accordance with this chapter, a producer shall submit to the council a **written request for a refund application within sixty days** after the date of the assessment or final settlement.

2. The producer shall complete the refund application and return the application to the council, together with a record of the assessment collected, within **ninety days** after the date of the assessment or final settlement. The council shall then refund the net amount of the assessment that had been collected.

3. If a request for a refund is not submitted to the council within the prescribed time period, the producer is presumed to have agreed to the assessment.

4. A producer is not entitled to a refund under this section unless the refundable amount meets or exceeds five dollars.

Potatoes -

4.1-10-13. Refund of assessment - Letters of request.

1. To receive a refund of any assessments paid in accordance with this chapter, a producer shall:

a. Between January first and July fifteenth, submit a letter to the council indicating that the producer intends to request a refund of assessments paid on potatoes grown during that calendar year; and

b. Between June first and June fifteenth of the calendar year following the date of the letter required by subdivision a, submit a letter to the council requesting the refund of assessments paid by the producer on potatoes grown during the previous calendar year.

2. Upon verification that the requirements of this section have been met, the council shall provide the requested refund to the producer.

3. Notwithstanding subsections 1 and 2, a producer is not entitled to a refund under this section unless the refundable amount meets or exceeds five dollars.

Wheat -

4.1-13-18. Refund of assessment - Form - Exception.

1. a. To receive a refund of any assessment paid in accordance with this chapter, a producer shall submit to the commission a **written request for a refund application within sixty days** after the date of the assessment or final settlement.

b. The producer shall complete the refund application and return the application to the commission, together with a record of the assessment collected within **ninety days** after the date of the assessment or final settlement. The commission then shall refund the net amount of the assessment that had been collected.

c. If a request for a refund is not submitted to the commission within the prescribed

time period, the producer is presumed to have agreed to the assessment.

2. A producer is not entitled to a refund under this section unless the refundable amount meets or exceeds five dollars.

3. Notwithstanding subsection 1, a member of the wheat commission is not eligible to receive a refund under this section.

NORTH DAKOTA COMMODITY ASSESSMENTS

| Commodity Group | Assessment |
|---|---|
| North Dakota Barley Council | 20 mills per bushel on all barley grown in this state, delivered to this state, or sold to a first purchaser in this state. |
| North Dakota Beef Commission | 50 cents for each animal sold or the amount set in federal law. |
| North Dakota Corn Utilization Council | $\frac{1}{4}$ of 1 percent of the value of a bushel. |
| Dairy Promotion Commission | 10 cents per cwt on all milk sold by the producer and on any milk used by the producer to manufacture other products. |
| North Dakota Dry Bean Council | 10 cents per cwt on all dry beans grown in this state, delivered into this state, or sold to a designated handler. |
| North Dakota Dry Pea and Lentil Council | 1 percent of the net value on all dry peas and lentils grown in the state or sold to a first purchaser. |
| Honey Assessments | 10 cents on each colony of honeybees. |
| North Dakota Oilseed Council | 4 cents per cwt on all sunflowers and canola grown in this state or sold to a first purchaser. |
| North Dakota Potato Council | 3 cents per cwt on all potatoes grown in this state or sold to a designated handler. |
| North Dakota Soybean Council | $\frac{1}{2}$ of 1 percent of the value of the soybeans sold to a designated handler. |
| North Dakota Turkey Promotion | 1 cent per turkey if average live weight is less than 18 lbs. 1 $\frac{1}{2}$ cents per turkey if average live weight is 18-28 lbs. 1 $\frac{3}{4}$ cents per turkey if average live weight is 28+ lbs. |
| North Dakota Wheat Commission | 15 mills per bushel on all wheat grown in this state, delivered into this state, or sold through commercial channels to a first purchaser in this state. |

HB 1238
2/12/15
Rep. Dennis Johnson
#3

Rep. Trottier
2/12/15 #4

Amendment to HB-1238

WORKING WITH THE PROPER AGENCY OF
THE STATE OF ND GIVE

The North Dakota Beef Commission shall, ~~after giving~~ official notice through public press and state wide newspapers, offer a vote for qualified checkoff participants eighteen years of age or over. Passage would require a simple majority.

After two weeks notice of election, participants shall have no less than ten business days to prove participation in the check off within a year prior to the date of the election. Once qualification is established voters may obtain a ballot from polling locations deemed most convenient by the commission within the county of their residence.

A vote of participating producers shall be held every 5th year thereafter to continue or reject additional dollars to the state beef checkoff.

DK dawson @ birtel.com

#1
3/6/15

Dear Senate Ag Committee Members:

I am contacting you regarding HB 1238 and my support for the bill. I am out of town this week and couldn't attend your March 6, 2015, hearing, so I decided to share my thoughts with you in written form.

My father, Ray Erbele, recently had shoulder surgery and was unable to attend the hearing too. Dad is an owner of Napoleon Livestock, along with his partners, George, Jim and Paul Bitz. He is also my partner in a diversified grain, cow-calf and feedlot operation. Dad served on the ND Beef Commission from 2006 to 2012 and was its chair for the latter two of those years – something that he is very proud of – proud because of the tireless and significant promotion that the checkoff accomplishes for the industry that he is passionate about.

You have been given many facts about what these checkoff dollars have done and continue to do in terms of research, development, maintenance, reinstating and expanding foreign markets and educating our consumers, as well as future consumers, with the Living Ag Classroom.

Allow me to share just a few noteworthy comparisons:

| | 1986 | 2014 |
|----------------------|-------------|---------------|
| Gallon of gas | \$0.89 | \$3.30-\$2.00 |
| Pound of ground beef | \$1.29 | \$5.15 |
| Movie ticket | \$3.70 | \$8.00 |
| Average rent | \$385.00 | \$1,150.00 |
| Half-ton pickup | \$10,667.00 | \$34,795.00 |
| Average house | \$89,430 | \$313,200.00 |
| 500-pound steer | \$64.00/cwt | \$270.00/cwt |

Many of you may own and operate your own farm or ranch or know someone who does and know that the operating expenditures have increased exponentially as well.

One other set of numbers that I feel is noteworthy:

| | 1986 | 2014 |
|---------------------------------|-------------------|-------------------|
| Cow numbers | 44 million | 40 million |
| Commercial beef production | 23 billion pounds | 26 billion pounds |
| Purchase power of dollar | \$1.00 | \$0.42 |
| What it takes to equal a dollar | \$1.00 | \$2.37 |
| Beef checkoff | \$1.00/head | \$1.00/head |

Our checkoff is \$1.00/head with no correlation to pounds of beef, so we have been promoting more pounds of beef with less dollars. One could argue that it is because of increased population that we have been able to consume those pounds of product, but would that not also quantify the fact that we need more dollars to reach more consumers and at least maintain, if not increase, market share of our product?

I think we would all agree that the end product we are trying to promote and sell is BEEF! BEEF is what we all ultimately produce and that affords us the opportunity to make a living on these family farms and ranches in this

great nation, and in this great state of North Dakota. No matter which segment of this industry we are in, BEEF is and should be the main focus of all our cumulative efforts. These checkoff dollars not only have reach into our urban grocery stores and homes, but have an extension back home to our family farms and ranches.

The sustainability of this industry is directly tied to the investment we are willing to put back into it. No other \$1.00 investment on my ranch returns me over \$11.00. The way this bill is written allows for a 100% refund. If you feel you are not getting a good ROI, let me make the comparison of the purchase of a new round baler that now costs \$50,000.00 to illustrate this point. My dealer will allow me to use that baler all season to roll up the 5,000 bales that I need to sustain my herd. At the end of the season, I can go to that dealer and tell him that this piece of machinery really did not do what I wanted it to and get every penny of my \$50,000.00 investment back. The refund provision of this bill would in essence allow me to do the same thing next year.

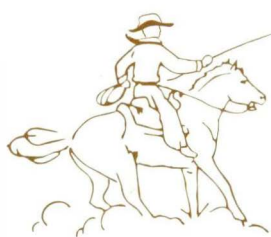
Raising the beef checkoff to \$2.00/head is the fiscally responsible thing to do for this industry that we all share a passion for and our family respectfully urges a DO-PASS vote on this bill.

Thank you for your consideration.

Tim Erbele
5892 Hwy. 30
Streeter, ND 58483-9547
(701) 424-3435

#2
p.1

North Dakota STOCKMEN'S ASSOCIATION



407 S. 2ND STREET, BISMARCK, ND 58504
(701) 223-2522
ndsa@ndstockmen.org • www.ndstockmen.org

EXECUTIVE COMMITTEE

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VICE PRESIDENT
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Towner

3/6/15

HB 1238

Good morning, Chairman Miller and members of the Senate Agriculture Committee. For the record, my name is Julie Ellingson. I am a fourth-generation beef producer and I represent the North Dakota Stockmen's Association, an 85-year-old, 3,000-plus-member cattle producers' trade organization.

We are here in support of HB 1238. In fact, our members initiated this legislation through policy passed at our convention a couple of years ago, and that has been in discussion for nearly a decade. The Stockmen's Association has always been a strong supporter of the beef checkoff and was instrumental in helping get the first checkoff put into place decades ago.

The assessment today is \$1 per head, the same as it was when the checkoff first came to be in 1985 – back when leg warmers and parachute pants were in style. But our dollar doesn't stretch as far as it did back then. Inflation, of course, has diminished its buying power to only about 40 percent of what it was at the time of its inception. Plus, lower overall cattle numbers have shrunk the pool of resources our industry has for beef promotion, research and education efforts. As an example, the Beef Commission was only able to allocate \$681 to research last year and has \$0 in the research budget for this year. We have some of the premier meat scientists in the world right here in our state, as just one example, and the opportunities are abundant. In fact, I believe you will be hearing from one of those scientists later this morning.

At the same time, we have just as many pounds of product to move and our industry has growing needs, whether they are responding to attacks on beef and beef production practices from activist organizations, the research efforts I already mentioned or simply communicating with consumers, who, on average, are three or four generations removed from the farm or ranch. That's the genesis for HB 1238.

Here's how it would work: producers would pay an additional dollar, which would be used for the sole purposes of beef research, education and promotion, just like the current dollar. The investment decisions would rest with the grassroots producers serving on the North Dakota Beef Commission, who are armed with the best information to make those decisions and who are charged with giving us the best bang for our buck. In some cases, that might be investment in in-state efforts. In other cases, it might be to pool those resources with partners for national and international programs to influence consumers in more densely populated or

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Wildrose
RANDY SCHMITT
Rugby

higher value markets. A study released by Cornell University last summer indicated that the \$1 investment returns \$11.20 to the industry, and we're excited about building on that success by bolstering our resources to a more adequate level.

This isn't a new idea. In fact, a dozen other states – most recently Texas and Kentucky – have adopted an additional beef checkoff beyond the national assessment. Illinois and Florida are also pursuing a checkoff increase now too.

In the formation of this legislation, industry leaders were cognizant of the fact that some, for whatever reason, might not want to contribute to the fund to promote their industry. That's why this legislation was crafted to allow for a 100 percent refund on the additional checkoff, similar to the refund allowances of other state commodity programs. You and your predecessors worked hard through the ag rewrite process in the 2008 interim to provide as much consistency and uniformity amongst the checkoff programs as possible, and this bill maintains their hard work.

It is also important for you to know that there has been ongoing discussions about increasing the existing beef checkoff on the national level, which literally takes an act of Congress. Industry organizations have been working together for several years to find a way to move that forward. I'm pleased to report that there is progress being made, yet still much work ahead. Consequently, you will notice that Section 3 of this bill provides a deactivation clause, if you will, allowing this additional assessment to sunset if the national checkoff is increased. This is another positive feature, assuring that there would not be a piling-on effect if the national checkoff goes up.

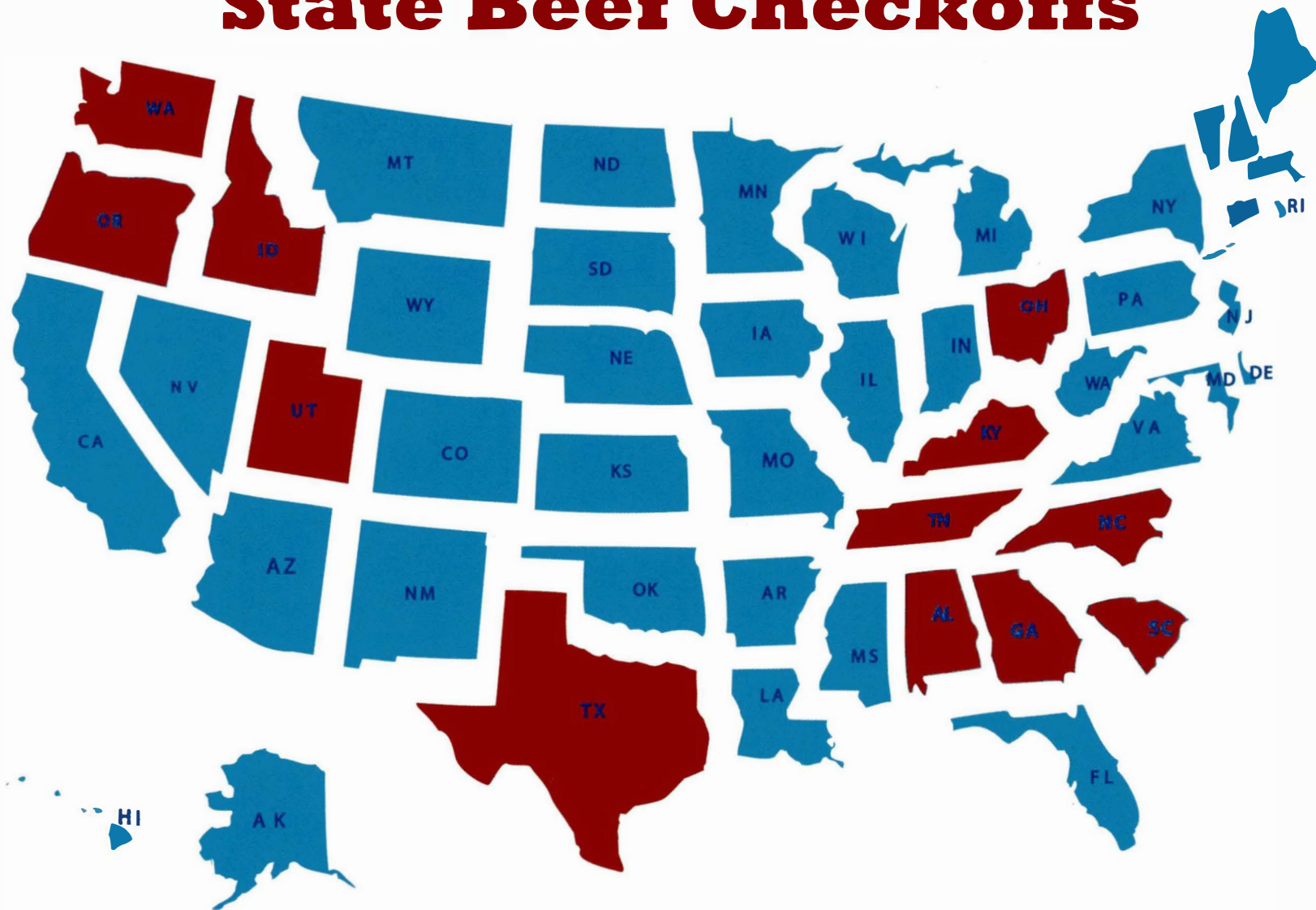
This session, you and House counterparts have had important conversations about opportunities to grow animal agriculture and further develop the livestock industry. I, like many others sat in this very room yesterday, in a nearly eight-hour hearing discussing that very topic. HB 1238 provides the beef industry a perfect opportunity to grow our industry. Your favorable consideration of this bill provides progressive, forward-thinking producers the chance to invest their own dollars to support their own industry, and gives an out to those who don't want to be part of it. In a session when state resources are in question, it also is a way for cattlemen and women to leverage the state dollars you've committed to agricultural research and education efforts and make them stretch a little farther.

It's important for you to know that the Stockmen's Association itself does not stand to benefit from the increase directly. We do not receive the funds or administer the programs. We support this increase because North Dakota beef producers stand to benefit by keeping our product top of mind and in a favorable light with consumers around the world.

Thank you for this opportunity to comment and for your favorable consideration of HB 1238.

p.3

States with Additional State Beef Checkoffs



States that have additional state beef checkoffs

DID YOU KNOW

EVERY **DOLLAR INVESTED*** RETURNS **\$11.20?**

Beef Safety Research

Identifies potential risks to beef safety and develops solutions to maintain a safe beef supply for consumers



Public Relations

Proactively shares positive beef messages with consumers, health professionals and other food influencers



Product Enhancement Research

Discovers new ways to improve beef quality, consistency and value, including research focused on new cuts, taste, tenderness and carcass value



New Product Development

Works with industry leaders to develop new beef products, plus shares beef recipes and cooking tips



Advertising

Creates all domestic consumer advertising – radio, print, outdoor and digital – to reinforce how beef is part of their everyday life



Foreign Marketing

Provides beef market development, promotion, research, consumer and industry information in more than 100 countries worldwide



Channel Marketing

Develops all promotions, training and other programs to help promote beef in restaurants and grocery stores



Nutrition Research

Focuses on beef's role in human nutrition as it relates to overall health and well-being



Industry Information

Safeguards the image of the beef industry by responding to, and correcting, misinformation about beef and sharing the beef production story



*From the Cattlemen's Beef Board budget

GET TO KNOW
YOUR CHECKOFF

MyBeefCheckoff.com



Funded by the Beef Checkoff.

SHARE
THE FACTS



#beef11:1

January 2015 Beef Producer Attitude Survey

Aspen Media & Market Research was commissioned to conduct a study of beef producers nationwide in order to determine their attitudes toward the Beef Checkoff program. The following are the topline findings from this study. They are based upon 1,209 interviews of a random representative sample of beef (1,045) and dairy (164) producers nationwide. To participate, respondents had to indicate they managed an operation that included cattle. The interviewing was conducted between December 28, 2014 and January 10, 2015. For a sample of 1,200 the maximum statistical margin of error is ± 2.8 percentage points around any one reported percentage. For those aware of the checkoff, the maximum margin of error is ± 2.9 percentage points.

Highlights:

- 8 out of 10 believe the checkoff has contributed to the positive trend in consumer demand for beef.
- 72% think the program has contributed to their profitability.
- 73% feel the program is heading in the right direction.
- 67% trust the program is being managed well.
- 76% say the program does a good job representing their interests.



Levels of Oversight of the current \$1 per head Beef Checkoff – January 2015

Prepared by the ND Beef Commission with review by the Cattlemen's Beef Board

State level:

****Every state beef council (44 as of January 2015) must have an annual financial audit, as required by the Beef Promotion & Research Act of 1985, which must be submitted to the Cattlemen's Beef Board (CBB) within 120 days of the end of the fiscal year. The ND Beef Commission audit is done by the State Auditor's Office on an **annual** basis, as compared to a biennial audit of other state commodity groups that fall under state law requirements. Every annual audit is available for review through the State Auditor's Office website, and the combined statement of revenues and expenses is a part of the ND Beef Commission annual report.**

****The Cattlemen's Beef Board auditing staff does periodic reviews of state beef councils to ensure compliance with various provisions of the Act & Order and with additional operating procedures.**

National level - Cattlemen's Beef Board:

****The CBB is ultimately responsible for oversight of every checkoff dollar collected in the country, including those from imported beef and beef products. It is also responsible for implementation of all policies and procedures from USDA, as well as internal policies developed as best management practices.**

****The CBB has an annual audit, conducted under government auditing standards, by an external auditing firm qualified to conduct such an audit. This audit is submitted to USDA and is published.**

****The CBB undergoes a management review audit every three years by USDA's Agricultural Marketing Service, covering procedures and processes under government oversight.**

*****The CBB is also audited annually and every three years for their oversight and procedures related to state beef councils, the Federation of State Beef Councils, the US Meat Export Federation and the National Cattlemen's Beef Association.**

****The CBB oversees both their own investments in programs conducted by national contractors as well as additional state beef council investments in national and international programs.**

****All state beef councils investing additional funds in the national programs through the US Meat Export Federation and the Federation of State Beef Councils of the National Cattlemen's Beef Association review the external audits of these organizations annually and certify to the CBB that they were reviewed and found in order.**

****In terms of USDA-AMS oversight and involvement with the CBB, USDA representatives are at the table with the CBB at every audit committee meeting and actively engage in discussions and oversight and approve certain processes including contractual procedures, reporting and various audit provisions. USDA is also present at every Beef Promotion Operating Committee meeting, CBB Executive Committee meeting, CBB Board meeting and Audit Committee meeting.**

****National programs authorized to receive checkoff funding are also reviewed and audited. The procedure includes the Beef Promotion Operating Committee approving details of all contracts, reviewing and approving specific Authorization Requests for program funding. After Operating Committee and CBB approval, Authorization Requests, contracts with contractors, and the full budget are then forwarded to USDA for review and final approval.**

Additional national contractor procedures:

In addition to annual audits, legal contracts for approved Authorization Requests, and implementation of mandated procedures from the CBB, national contractors like the Federation of State Beef Councils of the National Cattlemen's Beef Association, the US Meat Export Federation, American Farm Bureau Foundation for Agriculture, American National CattleWomen, Meat Import Council of America and others approved for program funding carry out their contracts on a cost-recovery basis. That means that all costs are covered up front by the contracting organization and only reimbursed where verified to be in line with the approved Authorization Request. No contractor is allowed to make a profit when contracting for programs to the CBB.

In addition to the financial accountability, all organizations contracting with the CBB must have all materials completed throughout the contract approved by CBB and USDA before distribution. If the program's "Authorization Approval Number" from USDA is missing from an invoice submitted to the CBB, reimbursement of the invoice is rejected.

National Contractors directly involved with the ND Beef Commission:

The two national contractors that the ND Beef Commission has chosen to fund with an additional portion of state checkoff dollars are the US Meat Export Federation and the Federation of State Beef Councils of the National Cattlemen's Beef Association. In addition to following all requirements of the CBB as discussed above, these two organizations have robust internal compliance programs designed to uphold the strict firewall protecting checkoff dollars from other funding sources and insuring that checkoff dollars are appropriately accounted for. Each organization has a director of compliance charged with implementing, maintaining and overseeing strict internal processes and procedures and are routinely reviewed by the CBB as well.

March 5, 2015

#3
3/6/15

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1238

Page 1, line 2, after the semicolon insert "to provide a contingent effective date;"

Page 2, after line 22, insert:

"SECTION 3. CONTINGENT EFFECTIVE DATE. This Act becomes effective on the date that the agriculture commissioner certifies to the secretary of state that:

1. The North Dakota beef commission, at the commission's expense, conducted a referendum by mail, of all producers from this state who had submitted an assessment during the period beginning July 1, 2014, and ending June 30, 2015, in accordance with chapter 4.1-03;
2. The referendum was for the purpose of determining whether the producers favored an additional assessment equal to one dollar for each animal sold, as described in section 1 of this Act;
3. The ballots were opened and the votes were tabulated in the presence of the agriculture commissioner or the commissioner's designee; and
4. A majority of those voting favored the additional assessment."

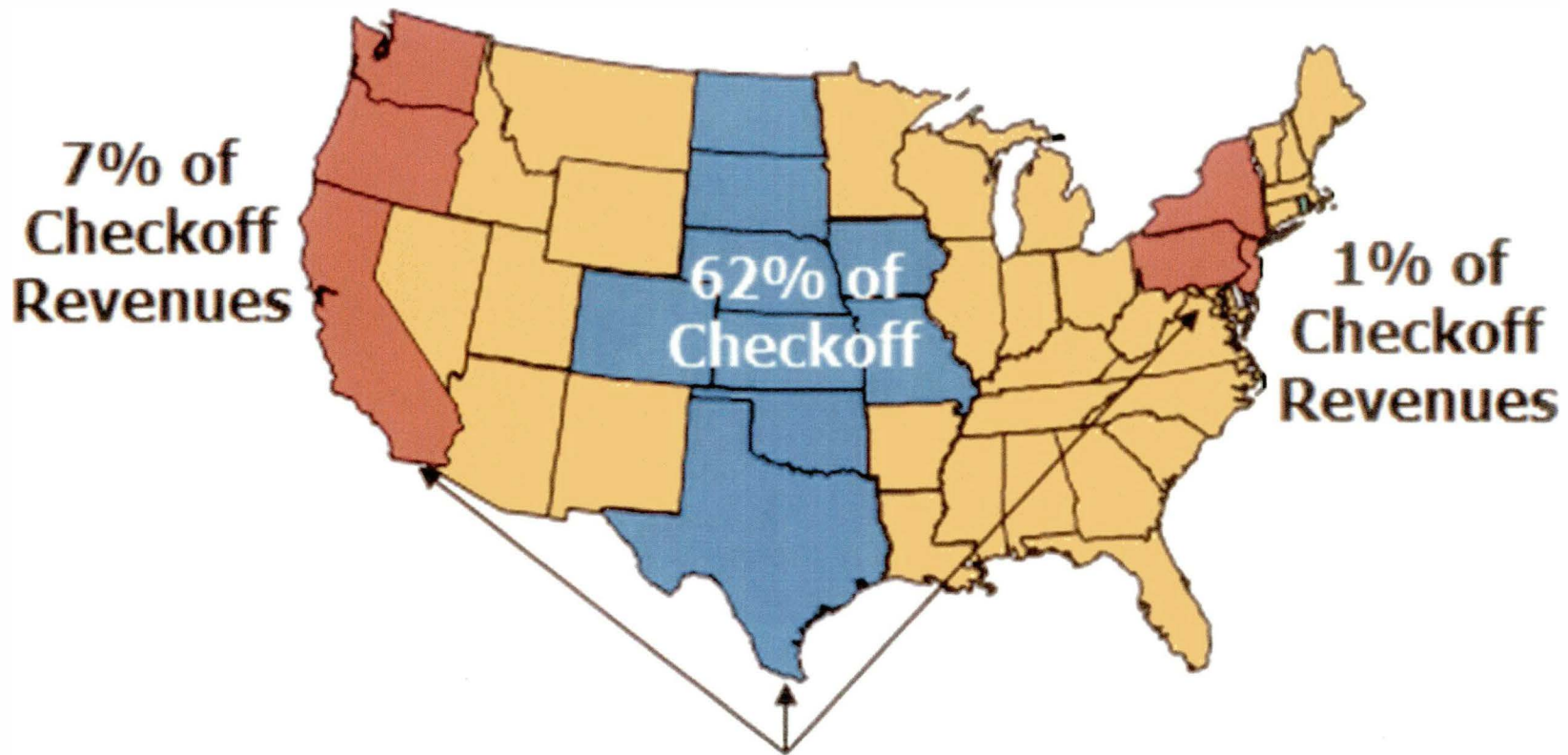
Page 2, line 23, replace "Subdivision" with "If subdivision"

Page 2, line 23, replace "is" with "becomes"

Page 2, line 24, after "effective" insert ", it must remain effective"

Renumber accordingly

Why the Federation?



Each color area represents 15% of the U.S. population

1985

56369

11-7 1985

#46

3/6/15

HB 1238

| CHARGES | AMOUNT | NO. HEAD | DESCRIPTION | AMOUNT |
|------------------------|--------|----------|------------------|---------|
| | | 10 | CATTLE | 3824.22 |
| TRUCKERS INS. | | | HOGS | |
| COMMISSIONS | 81.49 | | HORSES | |
| FEED & YARDAGE | 5.00 | | SHEEP | |
| PURCHASES | | | MISC. | |
| VETS & BRAND INSP. | 5.00 | | | |
| N. D. BEEF COMM. | 5.00 | | GROSS SALES | |
| INSURANCE | 2.40 | | TOTAL DEDUCTIONS | 98.89 |
| FREIGHT & TRUCKING SP. | | | NET CHECK | 3725.33 |

1987

76307

11-19 1987

| CHARGES | AMOUNT | NO. HEAD | DESCRIPTION | AMOUNT |
|------------------------|--------|----------|------------------|---------|
| | | 9 | CATTLE | 5213.33 |
| TRUCKERS INS. | | | HOGS | |
| COMMISSIONS | 108.20 | | HORSES | |
| FEED & YARDAGE | 4.50 | | SHEEP | |
| PURCHASES | | | MISC. | |
| VETS & BRAND INSP. | 5.85 | | | |
| N. D. BEEF COMM. | 9.00 | | GROSS SALES | |
| INSURANCE | 2.70 | | TOTAL DEDUCTIONS | 130.25 |
| FREIGHT & TRUCKING SP. | | | NET CHECK | 5083.08 |

2014

For Your Business

| | |
|------------------|-------------|
| VET CHARGE | 5.00 |
| BRAND INSPECTION | 10.00 |
| BEEF PROMOTION | 10.00 |
| INSURANCE | 23.27 |
| YARDAGE | 7.50 |
| COMMISSION | 294.35 |
| ===== | |
| Total Fees | 350.12 |
| Total Net Check | \$17,545.35 |

11-9-14

10 - COWS

1

Historical Comparison of the Beef Checkoff

| | <u>Commission</u> | <u>Insurance</u> | <u>Beef Checkoff</u> | <u>Animal Value</u> |
|----------------|-------------------|------------------|----------------------|---------------------|
| <u>1985</u> | \$8.15/head | \$0.24/head | \$0.50/head | \$372.53/head |
| <u>1987</u> | \$12.02/head | \$0.30/head | \$1.00/head | \$564.79/head |
| 2) <u>2014</u> | \$29.44/head | \$2.33/head | \$1.00/head | \$1754.54/head |

#5
3/6/15

Good Morning Chairman Miller and members of the Agriculture Committee. For the record my name is Bart Schott. I am a 4th generation farmer from Kulm, North Dakota and former President of the National Corn Growers Association. I currently serve on the Public Policy Committee of the North Dakota Corn Growers Association.

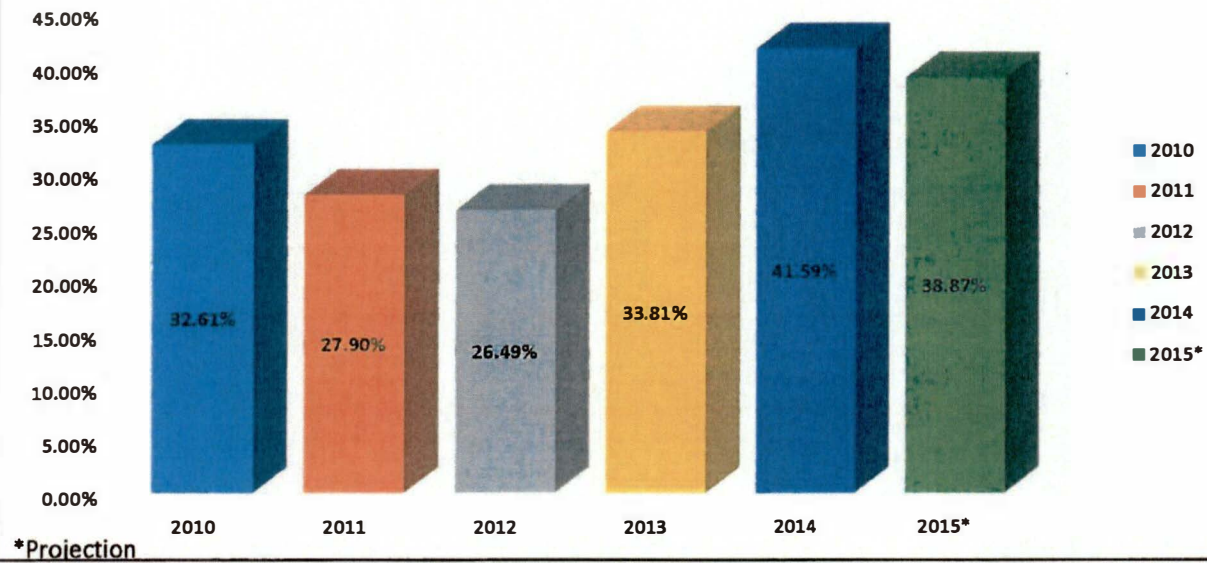
The North Dakota Corn Growers Association stands in support of HB1238. Since our inception by legislative action in 1991, the North Dakota Corn Utilization Council (Corn Council) has contributed research funding towards animal agriculture. I am including in this testimony the research expenditure history of the Corn Council over the past 5 years. You can see that between 26% to 41% of our annual budget's have gone to research projects in the years 2010 to 2014 with 2015 estimates included. While obviously a significant amount of our research budget does go to agronomic and value added projects, the livestock committee on the board does recognize the importance of animal agriculture to our state and has been supportive of projects that evaluate animal performance fed Dry Distillers high protein Grains (DDGS), a by product of the ethanol production process. More recently, the Corn Council has contributed to a collaborative study between NDSU animal science researchers and the university of Lethbridge, Alberta through the US Grains Council to evaluate animal gain and carcass quality with different oil content levels of DDGS.

The Corn Council is also very enthused about the recent announcement of the National Agricultural Genotyping Center (NAGC) being located near the NDSU campus. The ramifications of this new center to the animal sciences and to food safety are profound. I have read into the fact that the \$1.00-per-head beef checkoff rate has not changed since 1986 and that the buying power of that \$1.00 is less than half of its value since 1986.

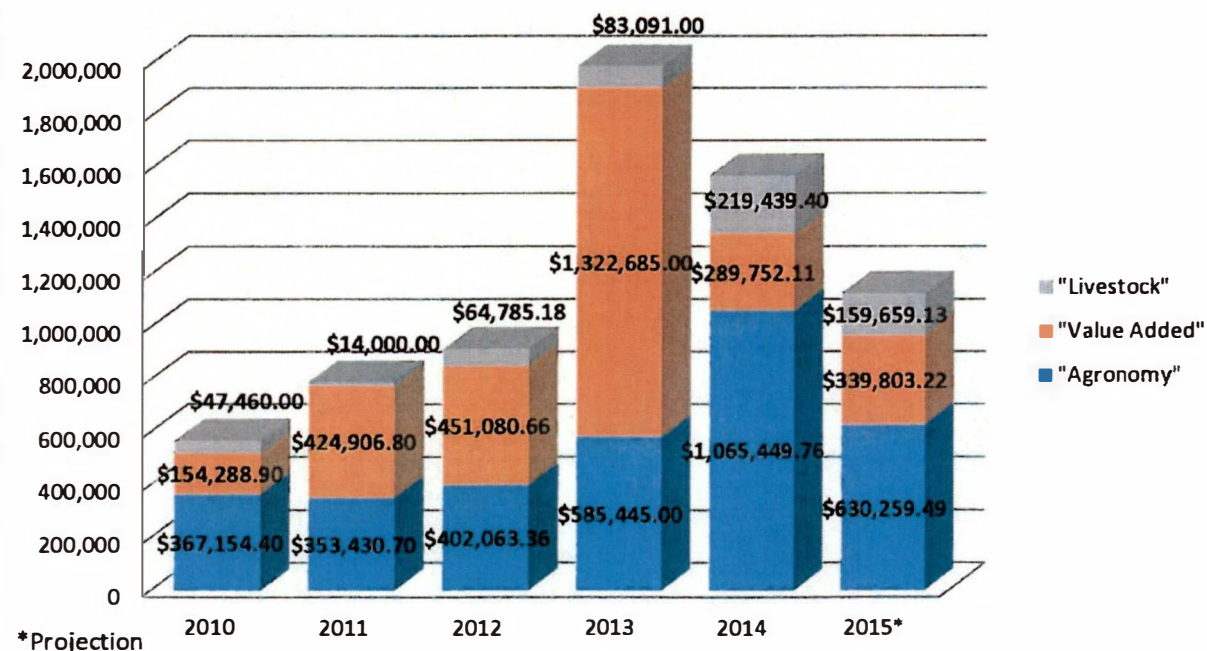
Members of the committee, In 2011-13 the North Dakota Legislature invested in regional soil health specialists to address the increasing problems of soil salinity that our producers are facing. The Corn Council has strategically funded projects put forth by these specialists to address these problems. In 2009-11 the Legislature also invested \$2.6 million dollars in the Beef Research Center at NDSU. This facility has helped attract quality research personnel. Our view is that to better utilize this investment and the promise of new technology that the National Ag Genotyping Center holds that producers be allowed to voluntarily contribute an additional \$1.00 per head to the beef check off.

Thank you for your time and I would be happy to answer any questions.

Research Expense by % of Revenue



Research Expense



2015/2016 Approved Research Funding

| Research Project - Agronomy | Contracted Funds |
|--|-------------------------|
| Carena - Breeding The Next Generation of Short Season Corn Products | \$185,813 |
| Cooper - CCSP Corn Plots | \$84,878 |
| Franzen - Potassium Recalibration for Corn | \$103,994 |
| Franzen - N2 Recalibration | \$19,950 |
| Friskop - Developing a Corn Plant Pathology Program at NDSU | \$60,000 |
| Rahman - Gas Analyzer | \$25,000 |
| Ransom - Technical Suport for a Revised Corn Hybrid Testing Program | \$125,345 |
| Wick - Developing Treatments of Interest to Producers at the SHARE Farm | \$62,707 |
| Wick - Research & Extension Efforts at the SHARE Farm | \$66,258 |
| Wick - Influence of Soil Salinity Gradients on Corn Production of Anthropod Pest Infestations | \$72,540 |
| | |
| Research Project - Value Added | |
| Bajawa, D. - Corn DDGS - A Novel Functional Material for Wood Composites | \$17,515 |
| Bajawa, S. - Biocomposite DDG | \$21,670 |
| Hahn - Gluten Free Product Research Using ND Corn & Corn Co-Products | \$35,000 |
| Hall - Multifunctional Natural Food Additive From Corn & Dried Distiller Grains | \$28,680 |
| Jiang - Corn Residual Derived Carbon Nanosheets for High Volume Battery | \$29,596 |
| Knodel - Evolution of BT Resistant Insects | \$76,156 |
| Ripplinger - Adding Value to Northern Corn | \$39,802 |
| | |
| Research Project - Livestock | |
| Anderson - Beef Production Internship: Investing in Future Corn Consumers | \$10,448 |
| Anderson - Effects of Fat Level in Distillers Grain Fed with Corn or Barley on Steer Performance | \$75,811 |

EFFERTZ BLACK BUTTE ACRES

J.S. (Jerry) & Norma Effertz

1975 48th St. N
V North Dakota 58790-9107

Phone/Fax (701) 624-5136
e-mail: ebba@ndak.net

#6a
3/6/15

TESTIMONY - 2015 HOUSE BILL 1238

Jerry S. Effertz

CHAIRMAN MILLER, MEMBERS OF THE SENATE AG COMMITTEE. MY NAME IS JERRY EFFERTZ. I HAVE SPENT MOST OF MY ADULT LIFE RAISING BEEF CATTLE AND MY WIFE AND I CONTINUE TO OPERATE EFFERTZ BLACK BUTTE ACRES PRODUCING BEEF CATTLE IN NORTH CENTRAL NORTH DAKOTA NEAR VELVA

WE HAVE ENTHUSIASTICALLY SUPPORTED THE BEEF CHECKOFF SINCE ITS INCEPTION AND ENCOURAGE YOUR SUPPORT OF HOUSE BILL 1238. IT WILL CONTINUE TO SUPPORT THE EFFORTS OF BEEF PRODUCERS IN EXPANDING CONSUMER DEMAND FOR BEEF AND IMPROVING PRODUCER PROFITABILITY.

I HAVE HAD THE PRIVILEGE OF WORKING WITH THE NORTH DAKOTA BEEF COMMISSION SINCE 2005 INCLUDING SERVING AS CHAIRMAN FOR TWO YEARS. IN ADDITION I AM IN MY FOURTH TERM AS ONE OF 20 MEMBERS ACROSS THE UNITED STATES ON THE NATIONAL BEEF PROMOTION OPERATING COMMITTEE WHICH DETERMINES THE BUDGET FOR ALL OF THE FEDERAL BEEF CHECKOFF DOLLARS.

THE BEEF CHECKOFF IS ONE OF THE MOST SUPPORTED PRODUCER PROGRAMS WITH THREE OUT OF FOUR PRODUCERS SUPPORTING THE BEEF CHECKOFF, WHILE THE NUMBER WHO DISAPPROVE OF THE PROGRAM AT JUST 11 PERCENT. THIS IS THE LOWEST IN THE PROGRAM HISTORY. I HAVE INCLUDED WITH MY COMMENTS COPY OF THE RELEASE OF AND THE RANDOM SURVEY RESULTS CONDUCTED BY THE INDEPENDENT FIRM OF ASPEN MEDIA AND MARKET RESEARCH IN DECEMBER OF 2014 AND JANUARY OF 2015.

I STRONGLY ENCOURAGE THE COMMITTEE TO SUPPORT THE OVERWELMING MAJORITY OF BEEF PRODUCERS WHO WISH TO SUPPORT OUR INDUSTRY BY VOTING IN FAVOR OF HOUSE BILL 1238.

#6b

3/6/15

HB 1238

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[\(/about/whoweare.asp\)](#) [Councils](#)
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[Programs](#) +

[Committees](#) +

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[Contact](#)
[\(/contact.asp\)](#)

Producer Support of Beef Checkoff Remains High

Contact: [Melissa Sandfort \(mailto:msandfort@beefboard.org\)](mailto:msandfort@beefboard.org), 308-697-3486;
[msandfort@beefboard.org \(mailto:msandfort@beefboard.org\)](mailto:msandfort@beefboard.org)

Date: Tuesday, February 03, 2015

*As the number who 'disapprove' drops to lowest level in program
history*

BEEF

®

Three out of four producers support the beef checkoff, while the number who disapprove of the program, at just 11 percent, is the lowest in program history, according to a recent survey of 1,209 beef and dairy producers nationwide.

The random survey conducted by the independent firm Aspen Media & Market Research in late December 2014 and early January 2015 found an overwhelming majority of beef and dairy producers continue to say their beef checkoff has value for them in many ways:

- 81 percent of producers say the beef checkoff has helped to contribute to a positive trend in beef demand.
- 72 percent of producers say the beef checkoff contributes to the profitability of their operations.
- 76 percent say the checkoff is there for them in a crisis.
- 76 percent say the checkoff represents their interests.
- 66 percent of producers believe the checkoff is well managed.

"Despite a great deal of discussion about the future of the checkoff, along with being challenged by critics of the checkoff and groups who would like to see us go out of business," says Producer Communications Working Group (PCWG) Chair Jeanne Harland, "beef and dairy producers continue to value their checkoff for building demand, contributing to their profitability and for representing their interests. And, with all that has gone on in the past six months, I believe it's significant that the fewest number of producers in the history of the program say they 'disapprove.'

"The beef checkoff has, for nearly 29 years, served the beef industry with programs producers want, and that is why we see the checkoff 'as representing our interests' according to the survey," says Harland.

One of the key priorities of the working group which Harland chairs is to 'increase the understanding of how the checkoff works ... how [it] benefits them and their role as stakeholders,' she notes.

A summary of the research findings is available online (</news/files/FY2015/2015PASTopline.pdf>).

For more information about your beef checkoff investment, go to MyBeefCheckoff.com (<http://www.mybeefcheckoff.com/>).

#

The Beef Checkoff Program was established as part of the 1985 Farm Bill. The checkoff assesses \$1 per head on the sale of live domestic and imported cattle, in addition to a comparable assessment on imported beef and beef products. States retain up to 50 cents on the dollar and forward the other 50 cents per head to the Cattlemen's Beef Promotion and Research Board, which administers the national checkoff program, subject to USDA approval.

#

Phone: (303)220-9890 Fax: (303)220-9280

- beefboard@beefboard.org (</contact.asp>)
- [FAQs \(/about/faq.asp\)](/about/faq.asp)
- [Privacy/Terms \(/about/privacy.asp\)](/about/privacy.asp)

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#7
3/6/15

Testimony on HB 1238

Travis Maddock
2005 9th St. N.
Fargo, ND 58102

Mr. Chairman and Honorable Members of the Senate Agriculture Committee,

I support HB 1238 which would implement a \$1/head state beef check-off assessment, and I want to encourage you to support it as well.

I am a small business owner from Fargo who primarily works with food and beef processors working in food safety and quality. I am also a fourth generation beef producer as a partner in my family operation located in Benson County where we raise and feed beef calves and cattle and two of my brothers and my parents make their entire living from beef cattle.

The success of the federal beef check-off program is unquestionable. Briefly, the dollars are spent on research, education, and promotion. Highlights include:

- Dramatic improvements in the reduction and elimination of food borne pathogenic microorganisms, such as *E. coli* O157:H7 (which has been reduced in the US beef supply by nearly 75% since the year 2000) from our beef supply, making US beef the safest in the world;
- Research on taste and palatability of steaks and roasts has added over \$70 in value to each head of cattle harvested, almost \$2 billion per year in the US;
- The promotion of US beef in the global marketplace which has lead to new markets in previously untapped regions of the world, including South-East Asia and the Middle East, that now prefer and ask for American beef and beef exports from this country are at unprecedented levels rising above \$6 billion in 2013 when beef exports were less than \$1 billion just 10 year ago; and
- US beef producers that are more knowledgeable and now have more tools available to them to face challenges and prepare for the future than at any other time in our industries history.

Beef demand and prices are at an all time high, due in large part to programs funded by the federal beef check-off.

But why should North Dakota have it's own check-off? Well, I believe that North Dakota's Beef Industry is ready to evolve. Traditionally North Dakota has sent its calves and feedstuffs to other states to be fed and slaughtered. A state check-off program could provide funding to support the research and knowledge programs needed for North Dakota producers to continually improve creating value and creating jobs.

Additionally, it has been historically difficult to attract federal check-off dollars to North Dakota to be used by NDSU and the USDA labs here. Not impossible, but difficult. By implementing a state beef check-off program, we can generate dollars for in-state programming to conduct research that will make a difference to North Dakota producers, make sure our North Dakota ranchers are educated to the highest possible level, train North Dakota processors on how to maximize safety and value in beef, and promote North Dakota beef cattle, fed North Dakota grains and co-products by North Dakotans. And the best thing is it won't cost the state government one cent. It is completely funded by the industry.

Of course, you are going to hear a lot of naysayers that will tell you that the check-off is a tax, or only benefits packers, that the funds aren't spent in the right way, or is just a money grab by the National Cattlemen's Beef Association (or in this case, the ND Beef Commission), but these folks either have an agenda or simply don't care to find the facts. The facts are that check-off dollars, universally, are an excellent investment no matter which commodity they represent. A recent study indicates that for every federal beef check-off dollar spent, \$11 dollars were returned to the industry. \$11!!! That is an amazing return on investment! If the state check-off returns half that, it would be a great program and well worth the cost.

An additional point to be made is that the folks that oppose this program are going to try and sway you by pointing out that a large percentage of funds are used for administration. Well they are right! But keep in mind when they make that point, that the check-off assessment has not been raised since its inception over 20 years ago. Yet we all know that expenses are not what they were 20 years ago. The ND Beef Commission is being asked to pay 2015 expenses with a 1990 income, and truthfully, if you look at any of the audits that have been conducted of both the federal and state programs, you will find they are utilizing every dollar as prudently and responsibly as possible.

One last point, as to allocation of the dollars, it would be up to the ND Beef Commission as to how the dollars are used and the commission is comprised completely of the same beef cattle producers contributing to the check-off. I am certain that the producers of North Dakota will see that the dollars are allocated wisely.

Thank you for your time and consideration. I hope that you will support HB 1238. If you have any questions, I would entertain them at this time.

North Dakota Senate Agriculture Committee
HB 1238
Jolyn Wasem

Chairman Miller, members of the Senate Agriculture Committee, my name is Jolyn Wasem. My husband and I along with our two young daughters run a cow/calf and seed stock operation near Halliday. My husband works full-time off the ranch, and I part-time. Being in the building stages of our operation, we really know the value of the dollar, especially with land and cattle prices being as high as they are. In saying this you may think I would oppose HB1238, but I strongly support it. The opponents may say that it is already voluntary and we could pay the additional dollar on our own. This is true. However it doesn't work. When I was younger, I was told if I put \$25 dollars into a retirement account each month I could have a million dollars by the time I retired. Who doesn't want a million dollars? Each month I had the opportunity to voluntarily do this. I stood to gain a substantial windfall if I did. But by human nature I did nothing. Now many years later, I have money automatically debited from my account and I don't miss it. But I do look back and think about how much of a better financial situation I could have been in, had I just had it automatically withheld in the first place. I believe the increase in the checkoff, works the same way, automatically done. But if you don't want to support it you can request the additional dollar back.

I am also the vice president of the North Dakota CattleWomen, an organization that utilizes the checkoff program. Does this mean I stand to benefit from the increase? No. Does this mean that my organization will benefit? Only if we do more education and promotion will we be able to apply for additional money, in the form of a reimbursement. Here's how our organization works: many women across the state volunteer their time to go into schools, set up booths and talk with people about beef. We apply for partial reimbursement through the North Dakota Beef Commission for educational and promotional events. In our organization, we hold the event with expenses come out of our own pockets, we then fill out an expense report, attach receipts and write a summary of the event. This goes to our executive board. Here the reports are closely examined and not all events qualify as education or promotion, thus being denied reimbursement from checkoff dollar funds. If our executive board approves an event, it then goes to the Beef Commission for final approval. So you see, there are checks and balances.

The other day I was told by someone who opposes this bill that handing out a brochure to a kid does nothing and it isn't money well spent. I disagree. In the 2013-14 fiscal year the North Dakota CattleWomen reached over 72,000 consumers telling them our beef story and giving them a positive beef image. This was all done with volunteer hours. This would not be possible without the checkoff dollar. I have personally gone into the schools and read stories about raising beef, bringing with me tools of the trade: calf bottles, feed samples, milk replacer, ear taggers, bolus guns among many other things. The kids are able to touch, feel, and see how these things work, to ask questions and yes, take home information. These kids are excited! This may be the only time that some of these kids - even in North Dakota - meet a rancher, learn first-hand about a ranch and understand how important beef is in their diets. I do believe we make an impact. I talk to many kids who have never been to a ranch and

have no idea where food comes from. We have so much educating to do. I was told by a teacher at our National CattleWomen's Convention that in one of her classroom lessons they learned that cattle eat all the grass, produce methane gas and are bad for the environment. That is where the lesson ended. Nothing good was said. This is eerily echoed in the 2015 Proposed Dietary Guidelines. We have a lot of educating to do. For a minute, I want you to think about being healthy, eating healthy, the very epitome of health. If you were going to eat the healthiest lunch you could eat today, what would be on your plate? How many of you had a sirloin steak on your plate? One 3-ounce serving of this lean beef has less than 4.5 grams of saturated fat, only 150 calories, and is packed with ten essential vitamins and minerals. The zinc will give your brain power, the iron oxygenates your blood and protein in beef will fill you up and keep you fuller longer than the plate of lettuce or chicken breast some of you might have pictured. Once again we have a lot of educating to do. There are several organizations out there, as well as ours that could do even more with an additional dollar, and as a beef producer I would be happy to pay it.

In closing I ask you to please support HB 1238.

Sincerely,

Jolyn Wasem, livestock producer, Halliday, ND
Vice President, North Dakota CattleWomen

3/6/15

Good morning, Mr. Chairman and committee members. My name is Margie Hande. I am an Amidon, N.D., cattle producer and a past checkoff leader. I am here in support of HB 1238.

I served on the State Beef Commission from 1997-2003 – 6 years. Then, I was appointed to serve on the Cattlemen's Beef Board from 2006-2011 – 6 years. The entire time I was working on these boards, I hoped that the checkoff would be increased, because I saw – and continue to see – the value it brings to ranch families like mine.

Most of my time was spent on the national retail committee. We worked on some excellent programs to get more beef through the grocery stores. We were trying to get that job done in 2010, but with a 1986 budget. We are working with that same budget today. Cuts were made and lots of good projects were eliminated. The Beef Board members took their jobs seriously, and everyone carefully watched how those dollars were spent. We had to answer to the producers and neighbors back home. We were trained on which areas that checkoff dollars could be spent, and we also knew what areas checkoff funds could not be used for.

The checkoff is a great program. I don't know why any producer would not want to contribute to the promotion of his or her product when the results have been so outstanding. Still, this bill would offer a refund of that state dollar if it was requested, so this bill is a no-brainer. Cattle prices are at an all-time high. What could be a better time to increase an investment in our business?

Thank you for your consideration of this bill.

Margie Hande, producer
Amidon, ND

Rhein Valley
SCHAFER FAMILY
— Est. 1873 —
5810 19TH ST NE
NEW ROCKFORD, ND 58356

HB 1238

March 6, 2015

The privilege that I have being here today started long before my beginning as a sixth generation cattle producer. Ranchers from the beginning knew how important it was to invest in quality feedstuffs, genetics, marketing relationships, infrastructure, and friendships with cattle buyers which have all played a major role in propelling the beef industry forward. These investments have been proven valuable in lean times where producers found creative ways to stay afloat, as well as better times that see other challenges; such as a changing consumer mindset.

Now, the beef industry cannot take credit for the idea of investing in the future. While in grade school we learn about investing ourselves into making good grades so we can do well in high school. Once we are in high school we learn about investing our time and energy into scholarships, essays, and extracurricular activities so that we can be accepted into a good college and therefore invest in our future. After being hired by our first real job we are informed hard work will result in the opportunity to climb the corporate ladder. While not leaving out one of the largest investments of a lifetime, we are working on raising a family, paying off a house, as well as saving for retirement. Over the course of a lifetime, we continually invest in our future.

We invest in many different endeavors throughout our lifetime and I believe the beef industry is worth investing another dollar toward our sustainability. As we all know, agriculture is an industry that will be around for a while; as long as there are people on this earth they will need to eat.

Personally, I love to eat and one of my favorite restaurant meals is a quality flat-iron steak. For those of you that are not familiar this relatively new cut derives from the front shoulder of the animal which was mainly processed into ground beef. A restaurant menu now features the flat iron steak next to other high quality cuts that are found in the loin of the animal, increasing the overall value of the animal. Investments such as these benefit the entire beef industry, as well as consumers, and I hope to see more investments of this kind in the future. The additional dollar going toward check off would be investing in our future as beef producers and consumers, which I fully support.



Chelsey Schafer



#11

March 6, 2015

We take pride in our efforts, whether it is our family or our work; as the fifth generation to own and operate our farm and ranch I am proud to be able to pass our operation onto the sixth generation, which includes my daughter Chelsey. This next generation of beef producers will continue to produce a quality product that has a direct influence in feeding the world. We need the Beef Check Off to continue, in order to keep beef prominent in the minds of consumers, especially considering the competition from other protein sources.

Research and promotion of our product would be funded with this extra dollar. The original dollar that was collected for the Beef Check Off now has only 40% of its original spending power. As Chelsey mentioned, new cuts on the menu, at reasonable prices, are available thanks to the research funded by the Beef Check Off dollar.

In addition, promotion and education are vital roles the Beef Check off plays in the industry to defend the quality of our product. As an example, the latest government report states less red meat is better for your health; when in fact, there are numerous studies to show the nutrient rich benefits of beef. As beef producers, we are constantly battling misinformation. This is an area where Beef Check Off dollars have been successful in the past and will continue, if we fund it!

Those individuals that do not feel the need to invest this additional dollar to the Beef Check Off can choose to have their contribution refunded. This refund process will be as simple as sending in a rebate for a cellphone, which many of us have done. In the future, every time a producer sells cattle they can elect to invest an extra dollar toward the Beef Check Off or opt for a refund; therefore, in essence, their voice will be heard.

I feel comfortable knowing that our very own North Dakota Beef Commission will have control over this additional dollar. Their past efforts and accomplishments speak for themselves in the sense of doing more with less. Imagine what they could do with more spending power.

With this in mind, I am in strong support of **HB 1238**. Let's invest in our future and give the next generation an opportunity to produce beef in North Dakota.

A handwritten signature in blue ink, appearing to be 'JS' followed by a stylized flourish.

Jeff Schafer

#12

3/6/15

Testimony in support of HB 1238 by Jim and Jody Hauge, Mandan, ND.

We farmed and ranched for 35 years in the Carson area. Our two sons have taken over Blue Hill Ranch and are not only making their living with cattle and crops but are raising the potential fifth generation of farmers and ranchers on that ranch.

In addition to Jody and me making our living off of livestock on Blue Hill Ranch, we have been involved in self-help check off programs. Jody served on the National Pork Producers Council (NPPC) Board of Directors as well as national vice president of NPPC's Pork Council Women before it merged into NPPC. I served as the Chairman of the National Live Stock and Meat Board from 1994-96.

We support HB 1238 for several reasons.

The first is that it is a self-help program, producers helping them-selves. If we don't help ourselves, who is going to help us? We need to be writing our own agenda rather than have others write it for us. We need accurate science to be able to defend against animal rights groups and other groups that would like to put us out of business. We need to be on the cutting edge of research to help us remain competitive in a very competitive world. We need to help promote new products and a convenience that today's modern consumer demands. We need to continue to advertise showing the public the healthful advantages of lean beef, along with the taste that we all enjoy.

Our second point is the beef check off has not keep up with inflation. The national beef \$1.00 check off that was passed in the mid 1980's has seen its value eroded by inflation. Back then a rancher could buy a nice pickup for about \$10,000, while today a pickup will cost upwards of \$40,000. Advertising and other costs have gone up in similar proportions. The passage of an additional \$1.00 check off is probably not adequate but is certainly a good first step. When the national beef check off was passed, pork producers also passed a similar national check off but it was based on a percentage of value. If the beef check off was based on percentage of value, with today's prices the check off would probably be in that \$4-5.00 range.

The third reason for supporting a stronger check off is to help provide a future for the fifth generation at Blue Hill Ranch. We continue to see groups that want to take away our individual freedoms. We need to back our arguments with sound science to help protect those freedoms and to have successful promotion programs so there is a future in beef production in North Dakota.

We thank for the opportunity to present this testimony in support of HB 1238 and respectfully ask for your favorable consideration towards it.

Thank you.

Jim and Jody Hauge

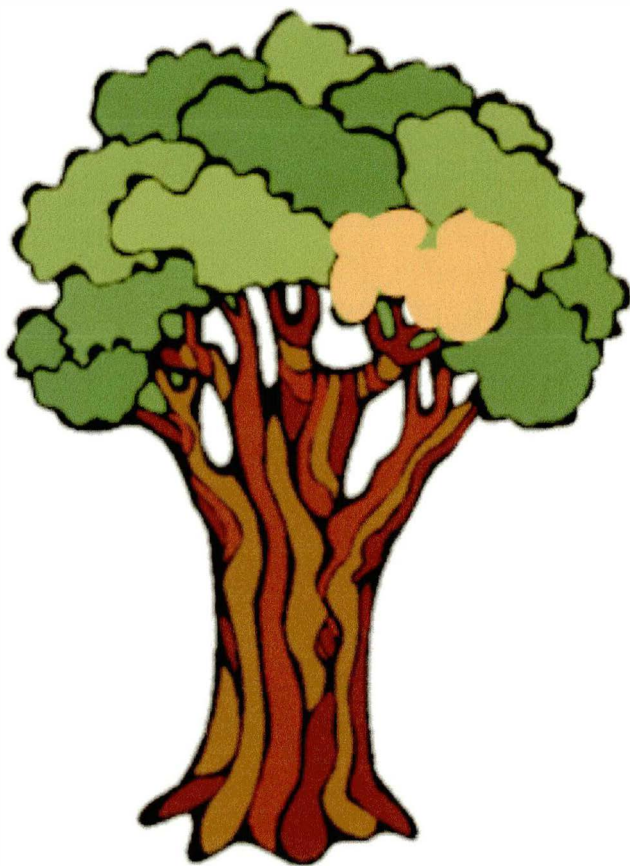
#13
3/6/15

HB1238

March 5, 2015

The Soybean Growers Association has a history of strong support for Agricultural Research through funding from individual commodity check-off programs and public sources. Research is the cornerstone of our food safety programs and the economic well being for North Dakota's farmers and ranchers, as well as our entire state.

Research success occurs at the intersection of error and success. It requires people, ingenuity, collaboration, patience, reflection, and a dogged determination to pursue elusive objectives that create tomorrows. It's producing the feedstock hybrid for ten years from now. It's producing additional marketable meat from the same, or less, animals. It's creating new and improved!



Agricultural Research Funding Tree

Today, this bill's sponsors bring a request to you to help this industry fund producer chosen activities, particularly research. North Dakota's Research tree has a decaying area that needs a nutrient infusion in the form of funding. No single part or any combination of multiple parts in the Agriculture Community can be, or stay, competitive without funded research.

Please give HB1238 a green light, enabling the additional dollar so the livestock industry can sustain today . . . and rekindle hope of inventing their and our future.

Thank You,
Scott Rising
NDSGA Legislative Director

#14
3/6/15

HB 1238

Good morning Chairman Miller, Vice Chairman Luick and members of the Senate Agriculture Committee. For the record, my name is Sheyna Strommen. My husband and I ranch near Fort Rice in Southern Morton County along with our three young children. I'm here today in support of House Bill 1238.

As a beef producer, I am proud to pay the Beef Checkoff, because as a mother I benefit from the nutrition-based information researched and shared through the Beef Checkoff. For example, the Checkoff-funded BOLD study – beef in an optimal lean diet – helps moms like me understand the value of beef in a healthy lifestyle and how it IMPROVES cholesterol levels. Beef is an excellent source of protein. Did you know that for about 150 calories, a 3 ounce serving of beef gives you half of the recommended daily value of protein? Thanks to the Beef Checkoff, I know this information and I can share it with you!

Checkoff research into new cuts of beef helps moms like me stretch our food dollar by finding less expensive cuts that are just as nutritious, flavorful and tender as our traditional favorites. The Beef Checkoff helps grocery shoppers and meal-makers like me understand safe cooking techniques, and which cut of beef is most appropriate for that technique. The "Beef So Simple" e-mail service sends me sizzling recipes and great tips twice a month – helping me find flavorful, quick and easy meal solutions for my family.

I'm a beef producer who is interesting in sharing a positive message with consumers. The Beef Checkoff has developed an online spokesperson training program, called the Masters of Beef Advocacy – or "MBA" for short. The program has helped me shape the message I have been sharing with my non-ranching friends and family.

We need more programs like these – programs that help young families understand the value of beef in their diets and help us – as beef producers – answer their questions about how beef is raised and how cattle improve the environment.

The beef community faces challenges from outside influencers who are continually spreading misinformation about our livelihood and about beef's role in a healthy lifestyle or

Ninety-eight dollars buys 1/30th of a page ad in the Bismarck Tribune. (1/60th of a page in the Bismarck Tribune sells for \$56.82)

The point is, going it alone, our \$98 won't get us very far, but by partnering through the Beef Checkoff, we can do bigger, more impactful marketing on a state, national and international level.

As written, HB1238 is a win-win bill. It gives those beef producers, like me, who want to grow and build and promote our industry a clear pathway to work together to accomplish those goals and, through the refund provision, it gives those beef producers who don't want to engage in promotion, education and research a clear pathway out each and every time they sell cattle. You're in or you're out. I'm in. I hope you are, too.

Hello to all. Unfortunately, I am unable to speak in front of you today, but it's crucial my voice is still heard! As a beginning beef producer, I am greatly in favor of House Bill 1238, and with my young age I bring about a unique perspective.

My name is Justin Bartholomay and I grew up on a ranch located just north of Sheldon, ND, in Ransom County, where we raise Simmental cattle. From a young age of helping dad and papa feed cows and check for newborn calves, I knew the agriculture industry had a future for me. This May I will be graduating from North Dakota State University with my Bachelor's Degree in Animal Science and I'll be the first of my family to receive such a diploma. Going back home to acquire the family farm has always been in my future plan, and quite frankly, I want that idea to become a reality and not simply a dream.

You see, I've had the fortunate opportunity to travel many places and see many things throughout my college career, which has led me to visiting with multiple students of varied interests and backgrounds. Through these conversations, I've seen firsthand the importance to promote the beef cattle industry, to insure that it stays strong for not only right now, but for many years down the road.

Consumers aren't who they used to be. Now days, they constantly thrive for more information telling them about the safety of their food. Information that wouldn't be feasible to give without the funding of Beef Checkoff dollars. Today's consumers, especially my upcoming millennial generation, are very dependent on technology, and look to social media platforms to find a lot of the information about the food they eat. These forms of social media are also where a lot of animal activists list false information about the way beef cattle are produced, processed, and placed on millions of plates across the nation.

The disconnect between consumers and the food they eat is greater now than ever before, thus making it even more important to market our product the best we can. Something we simply can't do, without more fiscal leverage. If we don't increase our efforts in promoting our industry, I, personally, worry about what my future may incur as a progressive and upcoming beef producer.

And honestly, I'm trying my best to self-promote the life I want to live, because I care so much about it.

A couple years back I was lucky enough to be the North Dakota Beef Ambassador, and with that role I was able to inform consumers of all ages about beef cattle in North Dakota. This program has more or less, been the "ah-hah" moment of my life, because it was when I realized what I wanted to do for the rest of my life. Raise cattle and promote my livelihood to others. This program helped shape my drive and passion, and wouldn't have been possible without its' funding from the Beef Checkoff.

After that journey, I chose to further my advocating knowledge by completing a program called the Masters of Beef Advocacy. Through this program I learned better how to communicate effectively with consumers and talk about the hot-button issues that arise within the beef cattle industry. This program too would not be possible without funding from Beef Checkoff dollars.

All in all, by increasing the Beef Checkoff dollar, I will be able to breath a little easier, sleep a little heavier, raise cattle a little calmer, but most importantly, I'll have the resources to advocate a little better.

Thank you for your time. Please feel free to contact me with any questions you may have.

Best,

Justin Bartholomay

701.367.0612

Justin.D.Bartholomay@ndsu.edu

Good Morning, Chairman Miller and Senate Ag Committee Members,

I am Kathy Tokach, an independent Beef Producer and a Registered Nurse with 30 years of experience at a healthcare facility here in Bismarck. Over the years I have worked in various area of the hospital from Telemetry, Administration and Education. I can tell you from first-hand experience that the knowledge in the healthcare community of nutrition and the role of beef in a healthy diet is wholly lacking. We know that Telemetry patients usually have issues with cholesterol. The myths of 'removing beef' from their diet needs to be dispelled. Current Checkoff Research has demonstrated and shown the benefits of beef in lowering cholesterol levels. There is a need for additional Checkoff dollars to disseminate this research to the medical community throughout the hospitals and clinics across North Dakota.

While working within Administration, there is the need to develop scientific patient educational discharge plans. With help from additional Checkoff dollars, we could develop specific dietetic guidelines which would benefit the individual patients and be a great benefit to the citizens of ND in understanding the basics of a nutritious diet which 'Beef' plays an important role. In the large scheme of things, this can lower healthcare costs. A healthy ND population will have lower healthcare cost and we all know our healthcare costs have soared.

With additional Checkoff monies, we could provide continuing education and resources to Healthcare Dieticians which we are simply unable to do today because of a lack of funding. As a RN, I realize that patient and family discharge education about a healthy diet, which includes beef is important in order to prevent further medical complications and readmissions to the hospital.

As a rule, healthcare professionals provide the best possible care for their patients, however we have a continuing need to promote the nutritional value of beef in a healthy diet to many of my medical colleagues. We need to be more aggressive on a much larger scale and that can only be accomplished with the investment of an additional \$1 per head Checkoff as outlined in **HB 1238**.

Today, I presented to you as a part of a multigenerational beef cattle operation and Registered Nurse.

I'm also completing my 2nd 3-year term as a member of the ND Beef Commission.

Thank-you for your time

My Contact information

Kathy Tokach

5520 County Road 81

St. Anthony, ND 58566

kattokach@gmail.com

701.445.7390

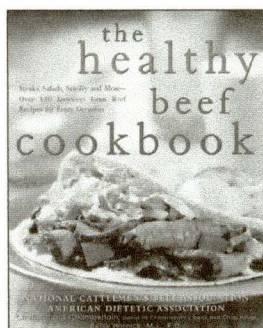
#166
HB 1238
3/6/15



Eating Lean Beef Daily Can Help Lower Cholesterol As Part of a Heart-Healthy Diet and Lifestyle

The latest research on heart health and lean beef presents a new way of thinking: lean beef can be part of a solution to one of America's greatest health challenges - eating for a healthy heart. A study published in the *American Journal of Clinical Nutrition* found that participants in the BOLD (Beef in an Optimal Lean Diet) study experienced a 10% decrease in LDL cholesterol from baseline when they ate lean beef daily as part of a heart-healthy diet and lifestyle containing less than 7% of calories from saturated fat.^{*}

The BOLD clinical study substituted lean beef for white meat as part of an overall heart-healthy diet and found the improvements in LDL cholesterol seen on the beef-containing diets were just as effective as the gold standard heart-healthy diet (DASH, Dietary Approaches to Stop Hypertension).¹ The BOLD diet contained 4.0 oz. of lean beef and the BOLD-PLUS diet contained 5.4 oz. (weights before cooking) of lean beef daily with both diets providing less than 7% of calories from saturated fat. After five weeks, there were significant reductions in total and LDL cholesterol.¹ Many of the BOLD and BOLD-PLUS diet menu plans incorporated recipes from *The Healthy Beef Cookbook*.



The study used rigorously designed research—a Randomized Controlled Clinical Intervention Trial—to investigate the effects of cholesterol-lowering diets with varying amounts of lean beef. In this study, 36 participants (adults ages 30-65 with moderately elevated cholesterol) were randomly assigned to a treatment order and in a cross-over design, consumed a total of four diets (BOLD, BOLD-PLUS, DASH and Healthy American Diet (HAD) as control) for five weeks each.

The BOLD study is the latest addition to a body of evidence that supports including lean beef in a heart-healthy diet. To learn more about this study, please visit BeefNutrition.org.

Nutritional Breakdown of Study Diets

| | HAD | DASH | BOLD | BOLD-PLUS |
|---|------------|------------|------------|------------|
| Calories | 2,097 kcal | 2,106 kcal | 2,100 kcal | 2,104 kcal |
| Protein (% of total calories) | 17% | 18% | 19% | 27% |
| Carbohydrate (% of total calories) | 50% | 55% | 54% | 45% |
| Fat (% of total calories) | 33% | 27% | 28% | 28% |
| Saturated Fat (% of total calories) | 12% | 6% | 6% | 6% |
| Monounsaturated Fat (% of total calories) | 11% | 9% | 11% | 12% |
| Polyunsaturated Fat (% of total calories) | 7% | 8% | 7% | 7% |
| Lean Beef (oz./day ^{**}) | 0.7 | 1.0 | 4.0 | 5.4 |

^{**}Weight before cooking

Healthy American Diet (HAD):

Control diet, included more refined grains, full-fat dairy products, oil and butter to reflect current American dietary habits.

Dietary Approaches to Stop Hypertension (DASH):

Considered the "gold standard" heart-healthy diet, this eating plan featured vegetables, fruits and low-fat dairy and limited red meat and sweets.

Beef in an Optimal Lean Diet (BOLD):

Similar to the DASH diet (rich in vegetables, fruits, whole grains, nuts and beans) and protein amount, but used lean beef (4 oz./day) as the primary protein source, whereas the DASH diet used primarily white meat and plant protein sources.

Beef in an Optimal Lean Diet Plus (BOLD-PLUS):

Similar to the BOLD diet, but with higher protein and lean beef intake (5.4 oz./day).

^{*} Subjects that consumed the BOLD diet experienced a 10.1% decrease in LDL cholesterol compared to baseline. In comparison to the Healthy American Diet, subjects experienced a 4.7% decrease in LDL cholesterol on the BOLD diet.

Eating Lean Beef Daily Can Help Lower Cholesterol As Part of a Heart-Healthy Diet and Lifestyle

Lean beef is a perfect fit in a low saturated fat diet. By choosing lean beef, you can meet the 2010 Dietary Guidelines for Americans recommendations.² When included as part of a healthy diet, lean choices—such as Top Sirloin, Tenderloin, T-Bone steak and 93% lean or leaner Ground Beef—can reduce risk of heart disease. In fact, 18 of the top 25 most popular fresh meat cuts sold at retail are lean.³

A 3 oz. serving of lean beef contributes less than 10 percent of calories to a 2,000-calorie diet and it supplies more than 10 percent of the Daily Value (DV) for 10 essential nutrients. On average, a 3 oz. serving of lean beef (about the size of a deck of cards) contains about 150 calories and is an excellent source of six nutrients (protein, zinc, vitamin B₁₂, vitamin B₆, niacin and selenium) and a good source of four nutrients (phosphorous, choline, iron and riboflavin).

A Taste of BOLD

You can follow the same heart-healthy diet as the participants of the BOLD study by using the recipes from *The Healthy Beef Cookbook*, a collection of delicious, nutrient-rich recipes featuring America's favorite protein—beef.⁴

Lean beef is the perfect pairing—easily served with vegetables, grains and dairy—and improves taste and satisfaction and maximizes nutrients to keep your body healthy. Here is a one-day sample menu from the BOLD diet.

| BOLD: 4.0 oz. lean beef per day For a BOLD-PLUS menu, increase lean beef to 5.4 oz. per day | |
|--|--|
| Breakfast | ♥ Egg (1) with red pepper and onion (1 Tbsp. each) ♥ Low-fat cheddar (1/4 cup) ♥ Whole wheat bagel (1 small) ♥ Margarine (2 tsp.) |
| Lunch | ♥ Sirloin with Sugar Snap Pea & Pasta Salad with Gremolata Dressing (see recipe below) ♥ Apple (1 medium) |
| Dinner | ♥ Beef, Mango and Barley Salad (1 1/4 cup salad with 3 oz. cooked beef) ♥ Dinner roll (1 small) ♥ Margarine (2 tsp.) |
| Snacks | ♥ Nonfat yogurt (6 oz.) ♥ Low-fat granola (1/4 cup) ♥ Almonds (1 1/2 Tbsp.) |

Nutrition Information: 1802 calories; 89 g protein; 248 g carbohydrate; 55 g fat (14 g saturated); 326 mg cholesterol; 1677 mg sodium; 31 g zinc

Sirloin with Sugar Snap Pea & Pasta Salad with Gremolata Dressing

Total Recipe Time: 60 min

Makes 4 servings

- 1 boneless beef Top Sirloin, cut 3/4 inch thick (about 1 lb)
- 2 cups fresh sugar snap peas
- 2 cups cooked gemelli or corkscrew pasta
- 1 cup grape or teardrop tomatoes, cut in halves
- 3 cloves garlic, minced
- 1 teaspoon black pepper
- Chopped fresh parsley (optional)

Gremolata Dressing:

- 1/4 cup fresh lemon juice
- 2 tablespoons olive oil
- 2 tablespoons chopped fresh parsley
- 2 cloves garlic, minced
- 2 teaspoons freshly grated lemon peel
- 1/4 teaspoon salt
- 1/8 teaspoon black pepper

1. Bring water to boil in large saucepan. Add peas; cook 2 to 3 minutes until crisp-tender. Drain; rinse under cold water. Combine peas, pasta and tomatoes in large bowl. Set aside.

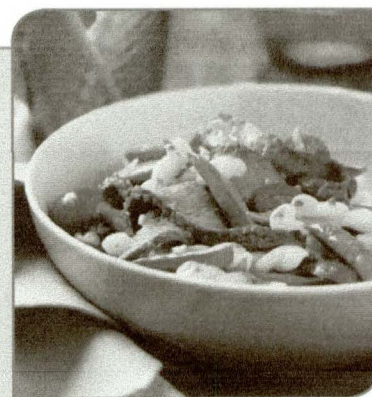
2. Whisk dressing ingredients in small bowl until well blended. Toss 2 tablespoons dressing with pasta mixture. Set aside.

3. Combine 3 cloves minced garlic and 1 teaspoon pepper; press evenly onto beef steak. Place steak on rack in broiler pan so surface of beef is 2 to 3 inches from heat. Broil 9 to 12 minutes for medium rare (145°F) to medium (160°F) doneness, turning once.

4. Carve steak into thin slices; season with salt, as desired. Add steak slices and remaining dressing to pasta mixture; toss to coat evenly. Garnish with lemon peel and parsley, if desired.

Nutrition information per serving: 369 calories; 12g fat (3g saturated fat; 7g monounsaturated fat); 5mg cholesterol; 216mg sodium; 31g carbohydrate; 4.2g fiber; 32g protein; 1mg niacin; 0.7mg vitamin B₆; 1.4mcg vitamin B₁₂; 4.4mg iron; 46.5mcg selenium; 5.3mg zinc.

Recipe and photo as seen in *The Healthy Beef Cookbook*, published by John Wiley & Sons.



1 Roussell MA, Hill AM, Gougher TL, West SG, Vanden Heuvel J, Paloupovic P, Gillies PJ, Kris-Etherton PM. Beef in an Optimal Lean Diet study: effects on lipids, lipoproteins, and apolipoproteins. *Am J Clin Nutr* 2012; 95(1). Internet [http://www.ajcn.org/content/early/2011/12/13/ajcn.111.016261] (accessed 14 December 2011).

2 United States Dept of Health and Human Services. United States Dept of Agriculture. Dietary Guidelines for Americans, 2010 January 31, 2011.

3 Freshlook Marketing Group, the leading U.S. source of grocery scanner data for meat and produce purchasing 52 weeks ending 07/22/12.

4 IPSOS Public Affairs, 10 survey average, 2009-2010.

BEEF'S BIG 10

Do more than just get through the day – be your best every day. Here's how beef's essential nutrients can help.



IRON

helps your body use oxygen.



CHOLINE

supports nervous system development.



PROTEIN

helps preserve and build muscle.



SELENIUM

helps protect cells from damage.



VITAMINS

B₆ and **B₁₂**

help maintain brain function.



ZINC

helps maintain a healthy immune system.



PHOSPHORUS

helps build bones and teeth.



NIACIN

supports energy production and metabolism.



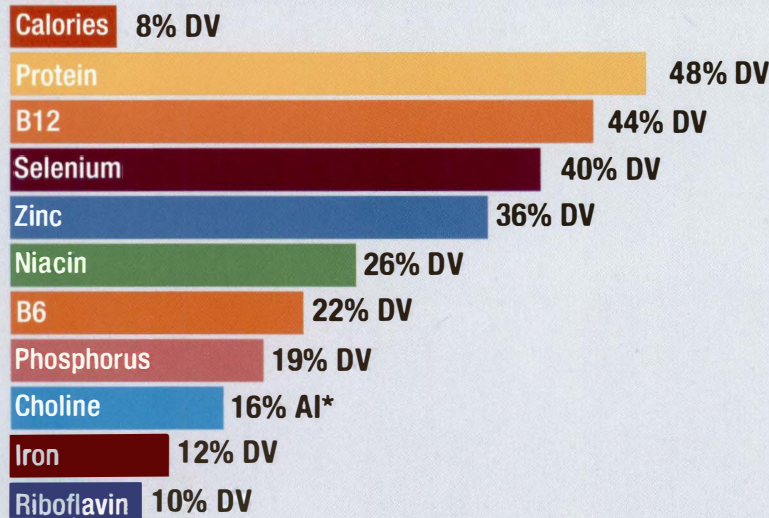
RIBOFLAVIN

helps convert food into fuel.

All lean beef cuts have less than 10 grams of total fat, 4.5 grams or less of saturated fat and less than 95 milligrams of cholesterol per 3 ½-oz. cooked serving. **Surprise! Some cuts of beef are as lean as a 3-oz. skinless chicken thigh.**

BEEF GIVES YOUR BODY MORE

of the nutrients you need. A 3-oz. serving of lean beef provides the following nutrients in about 150 calories:



The "daily value" percentage (aka DV) helps you determine how much of a particular nutrient a food contributes to average daily needs. Each nutrient is based on 100% of the daily requirements for that nutrient (for a 2,000 calorie diet).

(*AI stands for Adequate Intake. The highest AI for Choline is 550mg.)

DID YOU KNOW?

- Don't be left unsatisfied. A 3-oz serving of **lean beef** provides 25 g (about half) of the Daily Value for protein, which is one of the most satisfying nutrients.
- Get your workout in! Exercise is more effective when paired with a higher-protein diet.
- Interested in **heart health**? Research shows that including lean beef, even daily as part of a heart-healthy diet and lifestyle, improved cholesterol levels.



Funded by the Beef Checkoff.

For [recipes](#) and more visit **BeefItsWhatsForDinner.com**

#17
3/6/15

HB 1238 Beef Check off Enhancement Bill

Chairman Miller and members of the Senate Ag Committee. My name is Steve Brooks and I am a beef cattle producer from Bowman ND.

I am here to testify in support of House Bill 1238. I have been involved in the cattle business for over 40 years. I served six years on the ND Beef Commission from 1991 to 1997, at that time I represented ND at the Meat Export Federation for three years. I also served eight years on the Certified Angus Beef board, which is the largest branded beef program in the world. I also served eight years on the American Angus Board. I am currently serving as President of the ND Stockmen's Assn.

This background gave me a firsthand look at the beef check off being used to promote beef and the research to develop new cuts, heat and serve meals, new packaging and recipes, cooking tips and techniques, and nutrition information. Much of this research was leveraged with more dollars from exporters, packers, retail food stores, and restaurant and food service, to bring beef to the center of the plate for Americans and people around the world.

One of the latest studies by Cornell University on the beef check off from 2006 to 2013 showed there is an impressive return on investment. Holding all other demand drivers constant, then, the activities funded by the beef check off resulted in an increase in beef demand of 2.1 billion pounds per year. Had the beef check off money not invested in foreign market development between 2006 and 2013, foreign demand for U.S. beef would have been 6.4% lower.

Our \$1 dollar per head check off that was put in place in 1985 is running out of steam. Because of inflation it is buying less than 50% of the value that it did in 1985. Our ranch sold fat steers for 58 cents per pound in 1985, today they are bringing around 1.60 cents per pound. If we increase the beef check off one dollar per head now it will still be a smaller percentage of the check than it was in 1985.

House Bill 1238 would give North Dakota beef producers the added resources to continue this important program to market our beef. For those that don't agree, HB 1238 has the built in refundable portion of the bill.

I ask for your vote to support HB 1238 to invest in the promotion, research, and continued beef education of our product.

Thank you, and I would be happy to answer any questions.

#18

HB 1238

3/6/14

Steve Koester
Koester Red Angus
701-475-2736

I am truly excited about the opportunity to share my enthusiasm toward boosting our Beef Checkoff program. As a seedstock operation in south central North Dakota, the magnitude of this potential increase in funding is paramount to the success of my customers.

The benefits that our industry has seen from the existing Checkoff have been great, but as you know our dollar does not have the buying power it has in years past. The beef industry needs to be front and center in the protein market and our Checkoff dollars help tremendously in this department that is essential for the success of our cow-calf operations in North Dakota.

This proposal uses dollars from within our own industry put back into our own industry, which past history dictates the huge success story it has been. These dollars are used for research, education, promotion, market development and countless other great endeavors.

The North Dakota and U.S. beef industries are the envy of the world for being the highest quality, safest, most nutritious and most wholesome protein source available and we need to continue this legacy.

Thank you very much for your consideration.

Steve Koester
Steele, ND

3/6/2015

Legislative Agriculture Committee Members:

I am offering this written testimony to accompany my verbal testimony. I am a fourth generation rancher that operates a cow/calf and feedlot operation and previously owned Maverick Meat Co. a USDA federally inspected processing facility in Stutsman County. I am here today to testify in favor of increasing the state beef check-off by \$1.00/head.

What does the Beef Check-off mean to me and how does it affect by family's ranching business? Through my professional lifetime the Beef Check-off has affected me in many ways. The Beef Check-off is about research, education and promotion of beef and I've witnessed this firsthand in many ways.

1. During my first two years of college I attended Iowa State University and had the privilege of working in the beef research meat lab. While working in the meat lab I participated in helping professors and graduate students conduct research that was funded by Beef Check-off dollars. This research focused on beef product development and consumer education. This enabled me to see how Beef-Checkoff dollars were used to develop value-added beef cuts and further educate processors, retailers, and consumers.
2. After graduating from NDSU with a degree in Animal and Range Science I furthered my education at the University of Nebraska in feedlot management. While at Nebraska a portion of the curriculum was focused on the proper management to add value to the beef carcass. Much of the materials that we studied was research conducted by universities that focused on increasing value of the beef carcass. This research and educational materials were partially funded by Beef Check-off dollars.
3. In my current cow/calf and feedlot operation many of the resources I utilize to improve my management practices and business decisions are based on research and educational information that is funded and provided with Beef Check-off funds.
4. I also owned and operated Maverick Meat Co. located in Jamestown, ND. I extensively utilized Beef Check-off funded educational materials to train and further educate my meat cutters in advanced ways to further process traditional beef cuts into higher valued cuts that met changing consumer preferences. On our retail counter the ND Beef Commission provided me with an array of new recipes and educational pamphlets that focused on outreach directly to the consumer. These promotional items

aided in improving my beef sales. In fact many times customers would just stop by the store to see if we would have new recipes and ideas for them to utilize beef in there meals.

I can wholeheartly say Beef Check-off funded research, educational and promotional materials have allowed my fourth generation ranching operation to be more successful and sustainable for future generations.

The agriculture and beef industry has vastly changed since the inception of the Beef Check-off in 1986. We are now experiencing a diversified global market place. In many places throughout the global geographies household incomes are rising and looking for beef to become a major contributor to their diet. The enhanced development of exports and promotional and educational information internationally is paramount for the North Dakota and US beef industries.

Why the need for a \$1.00/head increase in Beef Check-off funds? As originally stated the current \$1.00/head Beef Check-off was conceived in 1986, since then the beef industry has seen decreased numbers and reduced buying power of the original \$1.00/head. Due to the increased export demands and further need of research, product development, education and promotional outreach; the additional \$1.00/head would significantly advance the North Dakota and United States beef industries footprint both domestically and internationally.

I respectfully submit this testimony for your consideration,

A handwritten signature in black ink, appearing to read 'B. V. Amundson'.

Brian V. Amundson
Bar V Ranch
brian.amundson@barvranch.net
701-269-0532

#20
HB 1238
3/6/15

January 26, 2015

House and Senate Agriculture Committee Members:

I am offering this written testimony because I am unable to be present at the hearing of this bill. I am a third generation retired beef producer from Stutsman County, North Dakota and am very much in support of adding an additional \$1.00 to our existing state beef check-off. The fourth generation of my family is currently continuing the ranching and agricultural operation. This additional \$1.00 will allow for the continued advancement in research and promotional activities that will maintain and increase the demand for beef.

I have been very involved with the beef check-off both on the state level and the national level. I have supported the state beef check-off and have worked to pass the current \$1.00 national check-off voted in by producers. I served on the North Dakota Beef Commission for six years; two years as its chairman. I also served on the commission for fifteen years as an ex-officio member when I was representing North Dakota and all of the United States beef producers on the national level. I represented North Dakota on the National Livestock and Meat Board and on the merged successor organization; the National Cattleman Beef Association(NCBA)—Check-off Division. I was a member and chairman of the Beef Safety Joint Committee of NCBA and the Cattleman's Beef Board, Vice Chairman and Chairman of the Check-off Division of NCBA, Budget Committee Chairman and the Treasurer of NCBA for four years.

I have detailed my involvement in the beef check-off because over this tenure I have seen what the beef check-off has accomplished. This includes increasing the demand for beef through research, promotion, advertising and consumer education. This was all funded and directed by producers like myself from all over the United States.

We need at this time to augment these beef check-off funds and join other major beef producing states who have already passed additional state check-offs to enhance the producer directed beef check-off programs. The existing \$1.00 buys less than 50% of what it could buy when the national check-off was passed. The beef industry has experienced reduced cattle numbers resulting in less check-

off dollars collected. The reduced buying power of the original \$1.00 and the decline in cattle numbers have greatly reduced the ability of the check-off to effectively fund research, education and promotion.

When this legislation is passed this additional check-off income will be used by the North Dakota Beef Commission to further enhance research, education and promotion to increase demand for all North Dakota beef producers.

I respectfully submit this testimony for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Van E. Amundson".

Van E. Amundson

BarV Ranch

Jamestown, North Dakota

Good morning Chairman Miller, and members of the Senate Agriculture Committee. For the record my name is Larry Kinev. I am the Board Chairman of the Independent Beef Association of North Dakota; IBAND.

I stand opposed to House Bill 1238 as it is written. Our current national check off system has become a network of buerocracies each taking from 25 to 50% of the dollars they receive to fuel themselves for administration. The one exception in the national network is the Cattlemens Beef Board (CBB) whose administration fees are capped a 5%. They have operated on that amount since they started and this year they have budgeted 4% for cost of operation. They are producers working for producers.

HB 1238 is a state check off which will be run by the North Dakota Beef Commission. The commission is run by a group of GRASS ROOTS producers. People who will get the job done. Producers working for producers. On that note I ask for adoption of the following amendment added to subsection 1 as line C. Administration of the assessment provided for in subsection 1 shall not exceed 5% of the gross revenue.

When the increase was discussed at the 2013 Stockmans convention it was stated that the increase would be used for research & promotion of North Dakota beef. The current national check off can only promote beef generically non specific to nation and certainly not specific as to state of origin. For that reason I ask for adoption of the following amendment added to subsection 1 as line D. all net revenues provided for in subsection 1 shall be invested in programs within the state of North Dakota.

This bill provides for a refund. The refund provision as it is written is cumbersome and antiquated. To streamline the refund provision I ask for adoption of the following amendment. Section 2 a. To receive a permitted refund of any assessment paid in accordance with this chapter, a producer shall submit to the commission a written request for a refund. Refund applications shall be made available by the commission at all collection points and agents throughout the state and with those interstate collection agents with which the commision has collection agreements.

The refund provision is not a producer vote. The most dissappointing aspect of HB 1238 is the exclusion of producer participation through the voting process. For that reason I ask for adoption of the voting amendment that I have provided. These ammendments will add integrity and accountability to HB 1238 and hopefully

contribute to producer confidence. With out the amendments I urge a do not pass on
HB 1238.

#216
3/6/15

Amendment to HB-1238

SUBSECTION 1

ADD LINE C AND D.

C. Administration of the assessment provided for in subsection 1 shall not exceed 5% of gross revenue.

D? All net revenues provided for in subsection 1 shall be invested in programs within the state of North Dakota.

#21c
3/6/15

Amendment to HB-1238
SECTION 2
LINE 2A

2A. Refund Applications shall be made available by the commission at all collection points, and agents throughout the state and with those interstate collection points with which the commission has collection agreements.

#21d
3/6/15

Amendment to HB-1238

Through the proper state agency the North Dakota Beef Commission, shall after giving official notice through public press and statewide newspapers, offer a vote of qualified checkoff participants eighteen years of age or older. Passage would require a simple majority.

After two weeks notice of election, participants shall have no less than ten business days to prove participation in the check off within a year prior to the date of the election. Once qualification is established, voters may obtain a ballot from polling locations deemed most convenient by the commission in the county of their residence.

A vote of participating producers shall be held every fifth year thereafter to continue or reject additional dollars to the state beef checkoff.

I support the following testimony not to #2/e
 Increase the N.D. Beef checkoff 1 dollar 3/6/15
 as in House bill 1238

| | |
|----------------------|--|
| Bill Adams | 121 ^{4th} ST NW Steele N.D. 58482 |
| Terry Landenberger | 2465 19th Ave. S.E., Tuttle, N.D. 58488 |
| Monte Dralle | 10002 275th NE, Sterling, ND 58572 |
| Loren Krein | 1865 255th SE Tuttle ND 58488 |
| Man Baur | Steele ND 58482 |
| Paul Bover | Steele ND 58482 |
| Robert Bosch | 5115 26th Ave SE Kintyre N.D. 58549 |
| Myron E. A. | Myron 58549 |
| Marty Janke | 3745 30th St SE Dawson ND 58428 |
| Tim Asner | 4890 26 th Ave SE, Steele, ND |
| Ray Dranen | 2626 47th SE Steele ND 58482 |
| Dustin Mock | 2626 47th St SE Steele ND |
| Mike Buz | 4635 21th Ave Steele ND |
| Clayton Martin | 4275 25th Ave SE Steele ND 58482 |
| Jeff Blitt | 4030 26th Ave SE Steele ND 5842 |
| Douglas Landenberger | 2880 35th Ave SE Dawson ND 58488 |
| Judy Landenberger | 2856 16th St SE Tuttle N.D. 58488 |
| Dan Archib | 2856 - 16th St SE Tuttle ND 58488 |
| Mark J. Otter | 2485 43 St SE Steele ND |
| | 1850 45th St SE Driscoll, ND |

134 of ^{which} ~~which~~ 32 TOTAL

Constituents of DIST 14

OPPOSED TO HB 1238

| NAME | ADDRESS |
|------------------------|---|
| Jay Emerson | 9472 95 th Street Lemmon, SD 57638 |
| Dale [unclear] | 915 Co. rd. 135 th Ft. Rice ND |
| Ally [unclear] | 915 Co. Rd. 135 th Ft. Rice, ND |
| Audrey Ruppel | 915 Co. Rd 135 th Ft Rice ND |
| Bob [unclear] | 482 4 $\frac{1}{2}$ Ave NE Lemmon SD |
| Jerome Fischer DIST 14 | 215 main St Weir ND |
| Joe [unclear] | 7960 32nd Ave Selfridge ND |
| Robert Bowman | 4060 25 th S.E. Dawson, ND. |
| Kuan [unclear] DIST 14 | 821 Main St S. McClusky ND 58463 |
| Curt Schif | 1851 84 th St Selen, ND 58521 |
| Yikha [unclear] | Box 704 Mobridge, SD 57601 |
| Dalton Bush | Box 847 Mobridge, SD 57601 |
| Maule Schmitz | 1302 171 st St SE Menoken ND 58558 |
| Travis Heaton | 501 275 th St SE McKenzie ND 58572 |
| Dawn Ranch LLC | 10305 Chokecherry Dr. Bismarck ND 58503 |
| Bryan Miller | 10305 Chokecherry Dr. Bismarck ND 58503 |
| Jesse Gunko | 5255-27 th Ave S.E. |
| Mark [unclear] | 28750 52 nd NE Wilton |
| Bob Sarch | 25252 52 nd NE Wilton |
| Brenda Schult DIST 14 | 2855 29 th Ave SE Steele |
| Dan [unclear] DIST 14 | 2855 29 th Ave SE Steele |
| Clarence Platt | 2524 Coolidge Ave. Bismarck N.D. 58501 |

OPPOSED TO HB 1238

| NAME | ADDRESS |
|---------------------|---|
| Rich Vollmuth | Selfridge 2460 9 th St. 58568 |
| Darryl Hatzelshuler | Bismarck, ND |
| Frank Hatzelshuler | Farmstead ND |
| Jim Hatzelshuler | Bismarck ND |
| Ron Sellman | Mandan ND |
| Virginia Schlosser | 3270 30 th Ave Mandan N.D. 58554 |
| Simon Britner | 2200 80 th St NE Bismarck ND |
| Barb Blinsky | 2109 N. Bell St. Bismarck, ND 58501 |
| Dan Belohlavack | 1733 Co Rd 81 Mandan ND 58554 |
| Deborah Vollmuth | 2460 9 th St Selfridge, ND 58568 |
| Janice Schmitt | 1510 Hwy 24 - Selen, N. Dak 58570 |
| Kerry Doerter | 1520 2nd St. SE Denhoff 58430 |
| Brenda Doerter | 1520 2nd St SE Denhoff, ND 58430 |
| Patty Mitchell | mandan, ND |
| Jerry Mitchell | mandan ND |
| Janet Bay | Billings MT |
| Bailie Graner | 5265 Hwy 1806 Mandan, ND |
| Arlene Schmidt | 5150 Hwy 1806 Huff ND |
| Bonnie Lund | 1967 Hwy 24 Selfridge ND 58568 |
| Monty Belkin | 8950 27 th Ave Selfridge, ND 58568 |
| Kevin Mys | 5105 Hwy 1806 Mandan N.D. |
| Gene C. Sund | 1316, 10 th Ave S.E., Mandan, N.D. |

OPPOSED TO HB 1238

| NAME | ADDRESS |
|------------------|---|
| Chas Tomte | 1906 31 st NW Manda |
| Don Doy | DIST 14 751 Hwy 83 SE STERLING ND |
| J. R. Scofield | 4757 Hwy 6 Manda ND |
| Ken Huber | 1305 26 th St. NE New Leipzig ND |
| Makathon | 1305 26 th St NE New Leipzig ND |
| Bilinda Maly | 18850 43 rd Avenue, Menda ND |
| Bary Maly | 18850 43 AVE NE Menda |
| J. J. Star | DIST 14 3443 31 st Ave SE D. J. Star, ND |
| Lyle Brewster | 141 5 th Ave NW Menda, ND 58559 |
| Joe Brewster | 151 5 th Ave NW Menda, N. Dak |
| Marlene Brewster | 151 5 th Ave NW Menda N. Dak. |
| Bill Kember | 19350 136 th AVE NE Menda ND |
| Duane Keshen | 25200 84 th Ave NE McKenzie ND |
| Calvin Mauch | 748 SAN ANGELO DR BISMARCK |
| Dwight Burk | 7252 38 th Ave Shields ND |
| Darrick Frank | 7250 38 th Ave Shields ND |
| Shane Carroll | 10502 301 st ST SE Moffit, ND |
| Rick Tormac | 5225 County Road 82 STAATHO ND |
| George Leingang | 2405 City Rd. 135 Sola ND. |
| James | 5674 Central Bis ND |
| Dean Altes | 12687 HW 1804 Mobridge S Oak |
| Stacy | 5825 61 st SW Carson ND |

OPPOSED TO HB 1238

| NAME | ADDRESS |
|-----------------------|--|
| Terry Pflieger | 7773 14th AVE Solen ND |
| Jason D Hertz DIST 14 | 45800 Hwy 14 Wing ND 58444 |
| Gus Kopp | 3108 Withers Dr Mandan ND 58554 |
| Paul Monzelowsky | 9401 S. clay Dr. Bismarck, ND |
| Franky Mob | 3205 Bitterroot AVE Bismarck - ND |
| Craig Paul Stecher | 5974-116th Ave SW, New England ND |
| Byron Mann | 7200 city Rd 20, Golden Valley ND 58541 |
| Byron Hemmer | 1961 Hwy 49, Beulah, ND 58523 |
| Robert Brandt | 3137 Co Rd 89 Hebron 58638 |
| J. Sully | 2008 River Drive Mandan |
| Kirk Johnson High | 2825 County Rd 139, Mandan, ND |
| Michael Schzedler | 5225 Highway 1806 Mandan ND |
| Dan Taylor | 2201 Co Rd 138, Mandan, ND 58554 |
| Lucas Long DIST 14 | 5010 Hwy 14 Sterling ND 58572 |
| W. H. Long | 1650 Hwy 83 SE Sterling ND 58572 |
| Dominick Johnson | 8121 Breds Way SE Bismarck ND 58504 |
| Louise Keller | 1802 48th St Mandan ND 58558 |
| Anton Berg DIST 14 | 9153 379th St N S Driscoll ND 58532 |
| Spencer Wagner | 1542 10th SW Witter |
| Guthrie Bergman | 1292 56th St Bismarck ND 58504 |
| Wm. W. Brown DIST 14 | 5750 379th S-E Driscoll ND 58532 |
| Ed. H. H. H. | DIST 14 2760 25th Ave SE Steele ND 58482 |

OPPOSED TO HB 1238

NAME

ADDRESS

| | | |
|-------------------|---------|--|
| Cheryl Lund | | 1316 10 th Ave SE Mandan, ND 58554 |
| Dorothy Meckle | | 1240 2nd St SE Denhoff, ND 5843 |
| James J. J. | | 15550 3rd St NE Moorhead ND |
| Russell J. J. | | 5265 Hwy 1906 Mandan ND 58554 |
| Keith Suchy | | 4750 Hwy 1806 Mandan 58554 |
| Joyce Hinman | | 233 Estevan Dr. Bismarck ND 58503 |
| Kim Wetzel | | 1836 Montega Drive Bismarck ND 58503 |
| Wendy J. J. | DIST 14 | 5000 Hwy 14 Sterling ND 58572 |
| Melanie Schlosser | | 2900 County Rd 140 Mandan ND 58554 |
| Jeff Schwan | | 17151 Hwy 83 Baldwin ND 58521 |
| Vicki J. J. | DIST 14 | 3620 35 Ave SE Dawson 58428 |
| Laura J. J. | DIST 14 | 3620 35 Ave SE Dawson 58428 |
| Ron Vak | | 4800 Co Rd 11 Sentinel Butte ND 58579 |
| Pearl E. E. | | 3649 Palomino Dr N Mandan, ND 58554 |
| Corie C. C. | | 304 Weatherby Wy Bismarck ND 58503 |
| K. Hellman | | 1555 Hwy 24 Selen ND 58570 |
| Ellen Letang | | 46604 Hwy 1804 S Mandan, ND 58554 |
| Tyler K. K. | | Selbridge ND 58506 |
| Ben. Hochstetler | | 8417 S. Fork Jct Bismarck, ND 58504 |
| Paul Ruppel | | D.S. |
| Pat J. J. | | 1503 N 14 th St., Bismarck, ND, 58501 |
| Brad Suchy | | 2811 Plains View Dr SE Mandan 58554 |

OPPOSED TO HB 1238

| NAME | ADDRESS |
|--------------|---|
| Carl Schmitt | 1140 59 th Ave SW Berak |
| Bob Schmitt | 1529 2nd Ave NW #4 Berak |
| Bill Menes | 7665 28 ^{1/2} Ave Solem ND |
| Tom Schmidt | 5540 Hwy 6 St. Anthony, ND 58566 |
| Clay Jacob | 1475 79 th St SE hiator ND 58552 |

My name is Frank Tomac, cattle rancher in Sioux County.

I don't know how anyone can support this tax without a clear agenda of how the money will be spent. This is a tax, not an assessment. I don't have a problem paying taxes, but if those taxes have no benefits, rewards or returns, then it's taxation without representation.

Since the start of the beef checkoff in the mid 80's, beef has lost market share and lost consumption by Americans. In the mid 80's, Americans consumed almost 80 lbs of beef per year. In 2014, Americans consumed just over 50 lbs of beef per year. A loss of almost 30 lbs in 30 years. With the current trend of beef consumption, Americans will not consume any beef in less than one generation.

Recently the USDA came out with their dietary guidelines. And they again are suggesting reducing the consumption of beef in our diet. Our checkoff dollars in the past have supposedly done research on the benefits of beef. Is this research falling on deaf ears or is our checkoff team not getting the word to the right people? The checkoff has had almost 30 years of money to research, educate and promote our product, and I don't see any progress or benefits of what those checkoff dollars have done.

We're losing market share, consumption and portion sizes.
It's time we quit sending our money to the National Cattleman's Beef Assoc (NCBA) and start promoting North Dakota Cattle and Beef!

The last fiscal audit states the ND Beef Commission 'invested' just over \$124K in the Federation of State Beef Council. The Federation of State Beef Councils was a merger in 1996 between the National Cattleman's Assoc and the Beef Industry Council. That merger was done by the board members of each organization. Why are we sending my money to this national organization, that in my opinion has done nothing but created committees and asked for more money? When's the last time you seen a beef ad on TV? I have a friend in Baltimore, that has never seen a beef ad and he's been there over 20 years.

Actually I have seen a beef ad recently. In a farm magazine, 2 beef checkoff ads in the same magazine. And guess what the editorial was about? Yep, about how well the checkoff is doing and why would anyone not support it. That editor knows who's paying for that magazine.

I am not in favor of HB 1238. I'm not happy about the direction our industry is going and I'm not happy about the so called leadership we have with the NCBA.

I'll leave you with this, the statement of belief from the NCBA: "one vision – one plan – one voice" Really? That's pretty arrogant since this state only has 3% of it's cattle producers as NCBA members.

Thank you

#23
3/6/15

This letter concerns House bill 1238 – the beef check-off increase bill.

Increases in the check-off should be supported by producers, not forced upon them administratively by the state government. I-BAND (Independent Beef Association of North Dakota) has made it very clear that North Dakota ranchers do not support this bill.

This bill was introduced by the ND Stockmen's Association; however, the check-off money that is received (approximately one million dollars per year) is divided by law. Half goes to the Cattlemen's Beef Board and the National Cattlemen's Beef Association (NCBA).

The NCBA has joined with Canada and Mexico in an attempt to 'gut' Country of Origin Labeling (COOL). Undoubtedly they need more money; or, the alternate action would be to clean up their act.


The only purpose of this bill is to raise revenue so the ND Stockmen's Association, the Beef Board, and the NCBA can keep spending.

The other side, which should be considered, are the ND cattlemen. They live in ND, they buy their groceries and things they need to operate their ranches in ND. They support the communities where they live, they support the school system where they live, they pay taxes in ND and they work hard to provide beef that helps to support America.

You have a choice. Do you want to reward an organization that refuses to clean up their act; or, do you want to help the ranchers who continue to help make North Dakota a great state.

One other matter: I was told that the bill provides a refund provision. This suggest that the states' interest is not compelling or substantial and that North Dakota ranchers should not be compelled to ask the Stockman's Association to refund their money.

If you do pass this bill, have a provision that lets the rancher decide – at the time of the sale- if he/she wants to pay this increased check-off fee. A simple form would take care of the matter; and, thus eliminate unnecessary book work for the ND Stockmen's Association.

Adam Hoberg

#24
3/6/15

HB 1238

Chairman Miller. Members of the Senate Ag Committee.

My name is Allen Lund. I am a cattle producer from Selfridge. I stand opposed to HB 1238. As a state cattle producer, I'm proud to be part of an industry that takes a back seat to no one when it comes to raising the best and healthiest cattle in the world. We as producers accomplished this on our own and we can also manage our own state beef checkoff.

A little over a year ago, it was brought to my attention that the North Dakota Stockmen's Association was going to propose a beef checkoff increase to the upcoming State Legislature. At the time it didn't concern me very much. I felt this was a decision that should be decided on by the producers who pay into it and that it probably wouldn't even make it to the State Legislature. I was wrong and now I'm mad as heck.

HB 1238 sailed through the House and passed by a strong majority. Now it is in your hands and I strongly urge that this committee give it a strong DO NOT PASS.

I have several reasons for opposing this bill.

The question still remains unanswered as to how and where this additional money will be spent. If this bill is passed and a year from now producers are against how the money is being spent, what kind of a recourse will they have?

A performance audit should be conducted on the State Beef Commission before any additional money is pumped in. This audit would more than likely give producers more trust and confidence in how the commission is spending their checkoff dollars.

Finally; what concerns me the most is the lack of regard given to the states cattle producers in denying them the right to vote on this issue. Especially since we will be the ones writing the checks to fund it.

I would ask this committee to bear in mind. Even if this bill is killed in the State Senate doesn't mean it is null and void. If the increase is brought to a vote, the producers just might support an increase.

Again I would ask for a do not pass vote.

Allen Lund

Selfridge, ND 58568 phone 701-471-3747



March 6, 2015
HB 1238
Senate Agriculture Committee

Chairman Miller and members of the Committee,

My name is Dane Braun and I'm here to represent the members of North Dakota Farmers Union. We oppose HB 1238.

North Dakota Farmers Union members recognize that commodity promotion programs can be valuable tools for consumer education and market development. However, we recommend that research and promotion programs financed through producer checkoffs be closely evaluated to assure that they stay member-controlled.

We believe that such programs should include the following criteria:

- Receive the approval by a majority of producers voting individually in a referendum by mail, with at least 30% eligible voters participating. The referendum should be held prior to the imposition of the checkoff. There should be a reauthorization vote every five years.
- A procedure should be provided to enable producers to obtain a refund of checkoff funds without delay or hindrance on an annual basis. Refund application blanks should be provided by the purchasers of the commodity. An electronic process to request refunds would be preferred.

While we applaud the sponsor of the bill for including the refund language, we believe the referendum language should be addressed. We would not be alone in this endeavor; states like Ohio, Texas, and even our neighbors to the east, Minnesota, have conducted referendums.

I can take any questions that you may have.

Written testimony supporting the Beef Checkoff from
Eric P. Berg, Professor, Meat-Animal Sciences
NORTH DAKOTA STATE UNIVERSITY
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eric.p.berg@ndsu.edu

#26
HB 1238
3/6/15

My testimony is presented as a scientist who has gratefully received research support from Beef Checkoff funds. My most current research evaluates the inclusion of beef in a complete, low glycemic diet. In other words, I am doing research on how red meat can halt (not cause) obesity related metabolic disorders such as Type II diabetes.

This type of research could not be more critical. The Scientific Report of the 2015 Dietary Guidelines Advisory Committee was released on Thursday February 19, 2015. The report is 572 pages long; however, in the summary it is recommended that Americans limit their intake of red meat. It reads:

"A healthy dietary pattern is higher in vegetables, fruits, whole grains, low- or non-fat dairy, seafood, legumes, and nuts; moderate in alcohol (among adults); lower in red and processed meat;¹ and low in sugar sweetened foods and drinks and refined grains."

The footnote reads: The underline is my emphasis

¹As lean meats were not consistently defined or handled similarly between studies, they were not identified as a common characteristic across the reviews. However, as demonstrated in the food pattern modeling of the Healthy U.S.-style and Healthy Mediterranean-style patterns, lean meats can be a part of a healthy dietary pattern."

Head to head comparisons of dietary strategies (cohort studies) very seldom include diets with moderate to high amounts of red meat. When these diets are included in the research, they outperform the plant-based diets. The reason that large federal funding agencies will not fund studies where the subjects consume large amounts of red meat is because recommendations such as those presented by the most recent Dietary Guidelines. The only consistent source of funding for researchers like me is from Checkoff funds.

Here is an example. As a meat scientist I am frequently asked "Are the hormones given to feedlot cattle causing girls to reach puberty sooner?" I have completed research on that very question using young female pigs as a surrogate for human girls. According to the National Institute of Health and the Food and Agriculture Organization (of the United Nations) pigs are best non-human model for studying the effect of food on physiology. All the pigs in the study were born on the same day, had the same sire, and were raised from weaning to reaching puberty in the same place. This is impossible to accomplish with humans. If you are interested you can read more on the reverse of this paper, but the bottom line is that there was no difference in body composition or the number of days that it took to reach puberty between female pigs that ate a quarter-pound hamburger patty every day from "growth promoting implanted" beef, "natural" beef, or tofu. In fact, the estrogenic content of the tofu burger was nearly 500 times greater than the beef patties. This study was recently published in the prestigious *Journal of Nutrition*. **I applied for funding from several funding agencies. All were denied. This project was funded by the ND Beef Commission** and has received much attention.

Consumption of ground beef obtained from cattle that had received steroidal growth promotants does not trigger early onset of estrus in prepubertal pigs.

Magolski JD¹, Shappell NW², Vonnahme KA¹, Anderson GM¹, Newman DJ¹, Berg EP³.

Ⓜ Author information

Abstract

BACKGROUND: The earlier onset of puberty seen in young American girls has led researchers to question if a causal relation exists between dietary sources of estrogenic compounds and precocious puberty.

OBJECTIVE: Using the prepubertal gilt (young female pig) as an animal model, our hypothesis is that feeding beef obtained from cattle receiving growth-promoting steroidal implants postweaning does not alter the onset of puberty or the peripubertal body composition of gilts compared with contemporaries fed nonimplanted "natural" beef or a common meat alternative, tofu.

METHOD: The base diet was formulated using canola meal replacing soybean meal to reduce diet estrogenicity. Feed intake was monitored and controlled to ensure similar intake. Gilts were assigned to treatments based on dam and initial body weight (mean: 24.5 ± 3.20 kg) at 61 d of age. The negative control base diet was supplemented with daily feedings of a cooked patty from nonimplanted steers (natural), from steers that had been treated with growth promotants [100 mg trenbolone acetate and 14 mg estradiol (E2) benzoate; implanted], or cooked tofu patty.

RESULTS: E2 equivalents (nanogram per kilogram, as fed as analyzed by E-Screen) of the tofu (a soy-based product) supplement were ~570 times the natural and ~170 times the implanted supplements. There were no observed differences across treatments in live weight gain ($P = 0.90$), longissimus muscle area developed at the 10th and 11th rib interface ($P = 0.46$), and subcutaneous fat deposition ($P = 0.41$) at the same location over time or in the number of days to reach estrus ($P = 0.55$).

CONCLUSIONS: Consumption of beef from growth implanted or natural steers or tofu at levels similar to those typically consumed by humans did not impact growth or onset of estrus in these prepubertal gilts.



North Dakota Beef Commission

4023 STATE STREET • BISMARCK, ND 58503 • PHONE 701-328-5120 • TOLL FREE 1-877-321-BEEF

Senate Agriculture Committee Hearing

March 6, 2015

HB 1238

Presented by Nancy Jo Bateman, Executive Director
North Dakota Beef Commission

Chairman Miller, Vice Chairman Luick, and members of the Senate Agriculture Committee, my name is Nancy Jo Bateman and I have the privilege of working for the beef producers of this state at the ND Beef Commission as their executive director. I was hired many years ago, shortly after this body, at the **request of beef producers of the state**, increased the state beef checkoff from \$.25 per head to \$.50 per head. Within two short years, **beef producers** again implemented the national beef checkoff in October of 1986 at the \$1 per head level we have today, a point in time that has been referred to on several occasions today.

I give this information as background because this committee, with members past and present, has played a very important role in the **accountability and oversight** of the beef checkoff. Legislation passed here in 1993 started the commodity group reporting session that you were involved in the first Friday of this session. That means that some of you have heard many Beef Commission reports from me. There have been 11 biennial reports including 22 years of our **annual** audits, not biennial, covering financial accountability of every beef checkoff dollar from every beef producer that has invested in beef promotion, research and education programs. We value this process and consider it yet one more important measure of accountability and oversight of our programs and our funding.

In addition to your oversight, I would like to draw your attention to the "Levels of Oversight" document in your materials. This documents the many levels of oversight, accountability and auditing that are in place from the Beef Commission board through to annual audits conducted by the state Auditor's Office, and then audit reviews by the Legislative Audit & Fiscal Review Committee. The oversight continues on to the Cattlemen's Beef Board that does state beef commission reviews. Beyond the state level, there is tremendous oversight, auditing, and accountability built into the beef checkoff program through the Cattlemen's Beef Board, national contractors and all the way up to USDA. And many are not aware but organizations that contract with the Cattlemen's Beef Board to carry out programs that Jerry Effertz discussed, do so on a cost recovery basis meaning all costs are covered up front by the contracting organization and only reimbursed later when verified to be in line with their contract. Processes and procedures for oversight of national checkoff contracting organizations and the Cattlemen's Beef Board are robust, in place and working well today.

Some today have questioned the way the beef producers that make up the Beef Commission have chosen to invest the funds they are responsible for. I will tell you from personal experience, every program area, every budget item, and every financial decision is reviewed by the producers on the Beef Commission with their neighbors, friends and family members in the beef business in mind. They leave the organizational hat at the door that may have brought them to the Beef Commission because their job is much bigger than any particular group or self-interest. While they individually are involved in well over 30 agricultural related organizations, they come to the table representing all beef producers, regardless of the color of the cattle they raise or the different views they may have because reaching consumers with our beef message



is the objective that unites them. They want the greatest results from the program and the greatest return to the producers.

Along this line, I would like to review a couple graphics that may help in putting the facts about the finances of the Beef Commission in proper perspective.

The bar chart you have in front of you represents the last 21 years of audited financials for the Beef Commission, beginning with the 1993 fiscal year. There is no special reason for 21 years except that we wanted to give you a substantial period of time in our history.

- The top line is the total revenue of the Commission including all income sources-checkoff, interest, beef gift certificate sales and other income.
- The second line below it is the \$1 per head checkoff revenue collected each year by the Beef Commission.
- The next line represents the half of the checkoff dollar sent to the Cattlemen's Beef Board by federal statute, along with dollars sent to other state beef councils for out-of-state cattle sold in ND.
- Moving down, the next line shows ND dollars invested in additional national beef promotion, research and education programs. From 1973-1996, this went to the Beef Industry Council. Following an organizational merger of the Beef Industry Council and the National Cattlemen's Association, these dollars are invested today in the Federation of State Beef Councils, and yes, it's the checkoff arm of the National Cattlemen's Beef Association and we make no apologies for that because the only reason they exist is because state beef councils like ours choose to pool dollars together to reach consumers across the country and get the greatest bang for our buck. I would like to draw your attention to the drop in this line in 2001 because it once again involves this committee. From our beginning in 1973 to 2001, state law mandated that no less than 50%, or \$.25 per head of our state checkoff dollars should be used to support research and educational activities of the Beef Industry Council or its successor organization. This committee and the legislature, at the request of beef producers, removed the 50% provision in 2001 and left that decision in the hands of the beef producers on the Beef Commission. Since then, the Commission has invested \$.16 of each dollar up until 2014 when budgeting required it be reduced to \$.12. The hope is that as herd building begins, this number can be increased again because these investments in the Federation of State Beef Councils are what enable ND beef producers representing the Commission to have a seat at a very important table. Currently, three of our ND producer directors are Federation board members and more importantly, they are members of important committees that help to review and direct the focus of demand building beef programs across the country. ND Beef Commission director influence on programs follows ND producer dollar investments. These national programs are the ones that reach consumers across the country that are eating beef that was raised here in ND. These programs also are the backbone of efforts by every state beef commission to present a unified, consistent message as we take the national message to our states and promote the benefits of beef in a healthy diet.
- The black line shows the expense for state promotion, research and education programs.
- The dotted line is our total administration and includes salaries for our two state employees, state retirement and benefits plans, and commissioner per diem. This is down from three employees with a retirement in 2012 and a position that is still open. Some have said this is too high but I think common sense tells us that small percentage

increases in salaries in line with your legislative direction provide for a very modest gradual increase over time.

- The next checkered line is our operations budget and includes, rent, audit, office expenses, equipment, board insurance, travel and other expenses.
- And the bottom line is our investment in international programs of the US Meat Export Federation.

To go a step further in discussing expenses, administration and operations specifically, the page with the pie charts represents these same program expenses for our last fiscal year. In an effort of total transparency, these expenses are presented in two different formats because we have been criticized for having high administrative expenses, which my board takes great exception to. First of all, the Beef Commission absorbs the total costs of collecting and administering the full dollar, even though federal law mandates that half of it be sent to the Cattlemen's Beef Board. Therefore, any and all calculations need to be based on total revenue. The top chart shows total expenses for all admin and overhead expenses, along with direct program area costs as a percent of total revenue. In this situation, the administration costs represent 15% of revenue. The second chart, however, more accurately reflects the true costs of our programs. This information is taken from an annual "Full Dollar Accountability" report developed every year for the Cattlemen's Beef Board. Knowing that programs don't happen without people to do them, administrative and operations costs are applied to programs in an enterprise analysis effort similar to what every farmer and rancher does with their operations. You will see that there is a change in the percentages of funds used in these programs and the total administration and operations expenses combined that exist simply as a cost of being a state agency are reduced to 6%. The funds reflected in North Dakota programs also increases substantially in this example from 12 % up to 24%. I have also provided an additional sheet that gives you the last nine years of administrative costs broken out based on this Full Dollar Accountability report. If you look at that sheet, even if you were to only use the state's half of the dollar it would only reach 12% at the highest level. The Beef Commission is comfortable with this level and has worked hard to keep these costs as low as possible while still conducting effective programs in the state.

In closing, I would be remiss if I failed to share some of the facts about our state and national programs with you.

*While we have not been able to afford a national television or radio advertising program for many years, the first full year of the checkoff's new digital advertising campaign created 733 million ad impressions, more than 3.6 million page views on our signature beefitswhatsfordinner.com web site, and more than 5 million views of the checkoff's new easy cooking videos. That is success and we helped to make it happen!

*Beef exports hit an all-time high at \$7.13 billion in value for 2014 with a record export value of \$300.36 per head. That is success and we helped to make it happen!

*On a daily basis, checkoff dollars are at work through the industry information program helping to respond to misinformation and provide information about beef issues, ranging from antibiotics to hormones to environmental impacts of raising beef and the sustainability of the beef business. That is success and we helped to make it happen!

*To date, over 84,000 4th grade students across North Dakota have visited a Living Ag Classroom event where they learned about beef in their diets and the important work that

ranchers do to produce food and take care of the land and livestock. That is success and we helped to make it happen!

*Great beef research conducted by Dr. Eric Berg at NDSU and funded in part by the ND Beef Commission was published in the highly recognized Journal of Nutrition. That is success and we helped to make it happen.

Should this committee and the legislature see fit to pass this bill and increase funding for beef demand building programs, the Beef Commission stands ready to go to work. The Commission is ready and able to develop the types of plans and programs that will continue to benefit the beef industry of ND. Our program development process would be the same as it has been for years beginning in the spring with strategic planning to set the direction, followed by marketing planning that sets the program and budget. Once the outcome of the ND Legislature is known, the appropriate planning will go into motion. If that means no increase, we will proceed to make the most focused plans possible to reach our target consumers. And if there is a beef checkoff increase, we will also proceed to make the most focused plans possible to reach our target consumers.

Levels of Oversight of the current \$1 per head Beef Checkoff – 2015

Prepared by the ND Beef Commission with review by the Cattlemen's Beef Board

Board level:

******Priorities are set, a marketing plan is developed and the budget is developed by Beef Commission committees and then approved by the full board annually. Monthly financial statements are reviewed and approved at each board meeting. When the annual audit report is completed, the audit committee meets with the auditor in charge of the audit and reviews all details. It is then presented to the full board for review and action.

State level:

******Every state beef council (44 as of January 2015) must have an annual financial audit, as required by the Beef Promotion & Research Act of 1985, which must be submitted to the Cattlemen's Beef Board (CBB) within 120 days of the end of the fiscal year. The ND Beef Commission audit is done by the State Auditor's Office on an annual basis, as compared to a biennial audit of other state commodity groups that fall under state law requirements. The audit is also reviewed by the Legislative Audit and Fiscal Review Committee every year. The annual audit is available for review through the State Auditor's Office website, and the combined statement of revenues and expenses is a part of the ND Beef Commission annual report.

******The Cattlemen's Beef Board auditing staff does periodic reviews of state beef councils to ensure compliance with various provisions of the Act & Order and with additional operating procedures.

******The ND Beef Commission is required by law to present a report to a joint hearing of the North Dakota House and Senate Ag Committees at the beginning of each legislative session. This report must contain program updates along with audit reports from the State Auditor's Office for the two previous years along with anticipated expenditures at the close of the current biennium and estimates for the next biennium.

National level - Cattlemen's Beef Board:

******The CBB is ultimately responsible for oversight of every checkoff dollar collected in the country, including those from imported beef and beef products. It is also responsible for implementation of all policies and procedures from USDA, as well as internal policies developed as best management practices.

******The CBB has an annual audit, conducted under government auditing standards, by an external auditing firm qualified to conduct such an audit. This audit is submitted to USDA and is published.

******The CBB undergoes a management review audit every three years by USDA's Agricultural Marketing Service, covering procedures and processes under government oversight.

*******The CBB is also audited annually and every three years for their oversight and procedures related to state beef councils, the Federation of State Beef Councils, the US Meat Export Federation and the National Cattlemen's Beef Association.

****The CBB oversees both their own investments in programs conducted by national contractors as well as additional state beef council investments in national and international programs.**

****All state beef councils investing additional funds in the national programs through the US Meat Export Federation and the Federation of State Beef Councils of the National Cattlemen's Beef Association review the external audits of these organizations annually and certify to the CBB that they were reviewed and found in order.**

****In terms of USDA-AMS oversight and involvement with the CBB, USDA representatives are at the table with the CBB at every audit committee meeting and actively engage in discussions and oversight and approve certain processes including contractual procedures, reporting and various audit provisions. USDA is also present at every Beef Promotion Operating Committee meeting, CBB Executive Committee meeting, CBB Board meeting and Audit Committee meeting.**

****National programs authorized to receive checkoff funding are also reviewed and audited. The procedure includes the Beef Promotion Operating Committee approving details of all contracts, reviewing and approving specific Authorization Requests for program funding. After Operating Committee and CBB approval, Authorization Requests, contracts with contractors, and the full budget are then forwarded to USDA for review and final approval.**

Additional national contractor procedures:

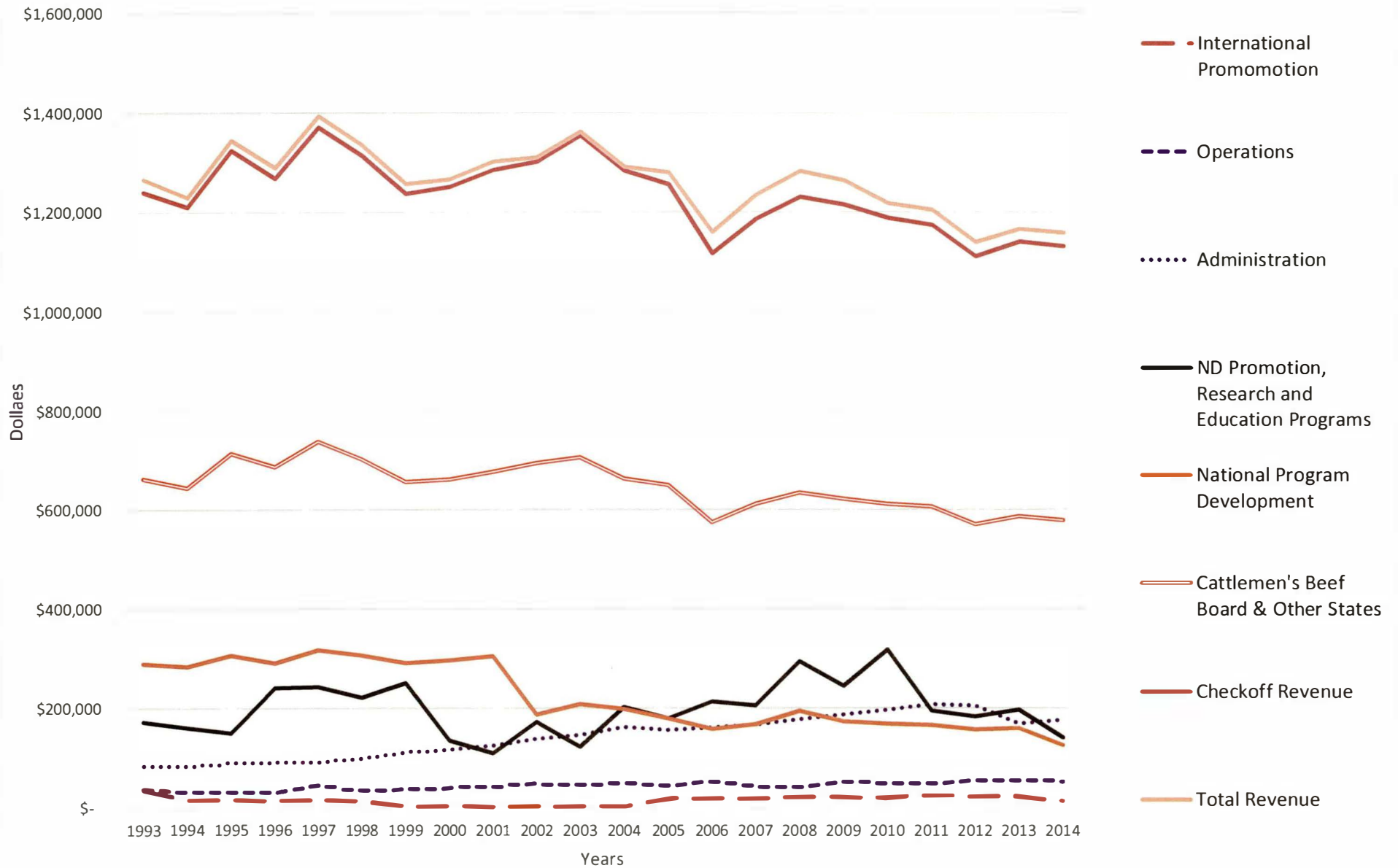
In addition to annual audits, legal contracts for approved Authorization Requests, and implementation of mandated procedures from the CBB, national contractors like the Federation of State Beef Councils of the National Cattlemen's Beef Association, the US Meat Export Federation, American Farm Bureau Foundation for Agriculture, American National CattleWomen, Meat Import Council of America and others approved for program funding carry out their contracts on a cost-recovery basis. That means that all costs are covered up front by the contracting organization and only reimbursed where verified to be in line with the approved Authorization Request. No contractor is allowed to make a profit when contracting for programs to the CBB.

In addition to the financial accountability, all organizations contracting with the CBB must have all materials completed throughout the contract approved by CBB and USDA before distribution. If the program's "Authorization Approval Number" from USDA is missing from an invoice submitted to the CBB, reimbursement of the invoice is rejected.

National Contractors directly involved with the ND Beef Commission:

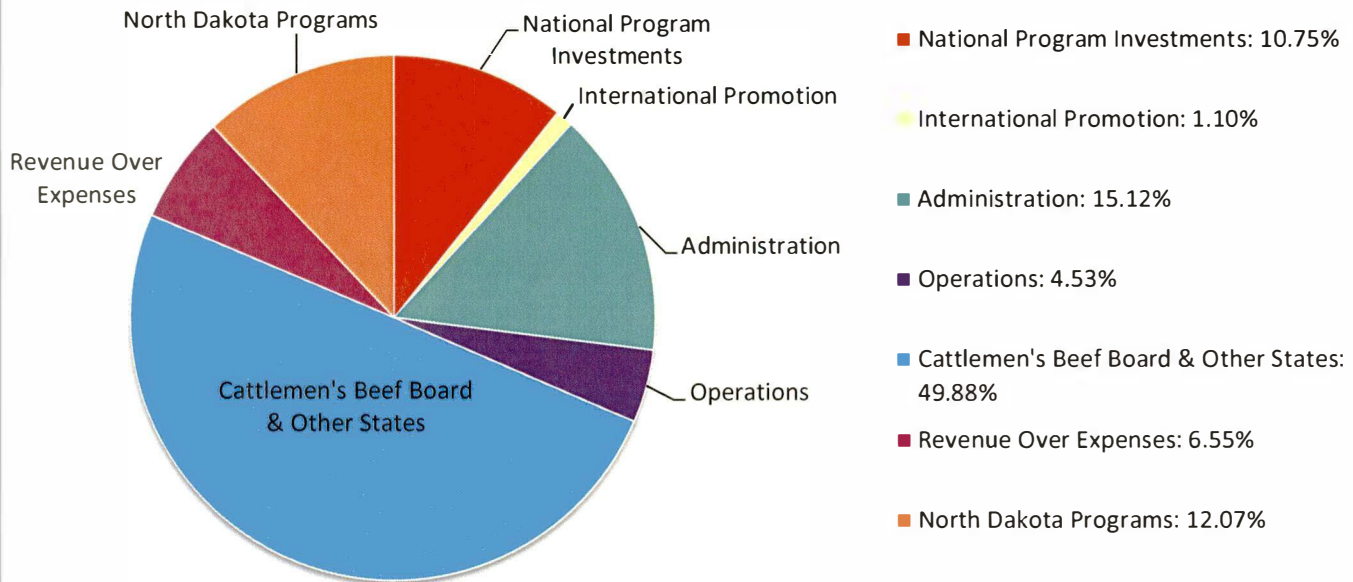
The two national contractors that the ND Beef Commission has chosen to fund with an additional portion of state checkoff dollars are the US Meat Export Federation and the Federation of State Beef Councils of the National Cattlemen's Beef Association. In addition to following all requirements of the CBB as discussed above, these two organizations have robust internal compliance programs designed to uphold the strict firewall protecting checkoff dollars from other funding sources and insuring that checkoff dollars are appropriately accounted for. Each organization has a director of compliance charged with implementing, maintaining and overseeing strict internal processes and procedures and are routinely reviewed by the CBB as well.

North Dakota Beef Commission Historical Trends, Revenue vs Expenses, 1993-2014



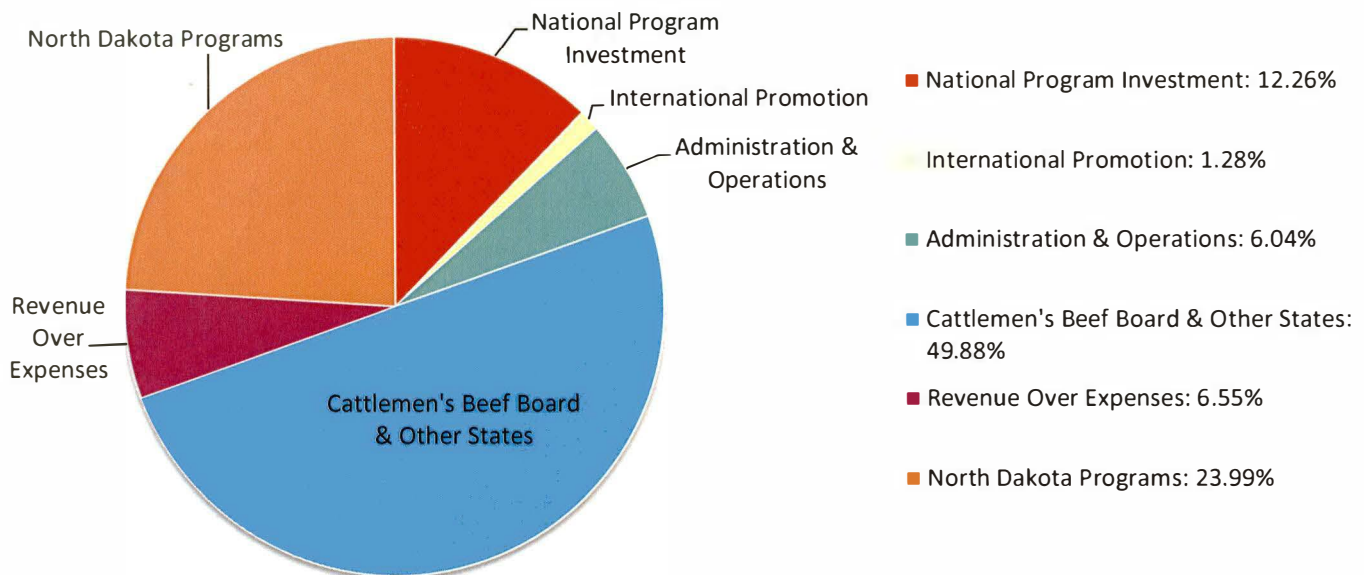
2014 North Dakota Beef Commission Expenses as a % of Total Revenue

Source: 2014 Audit Report



North Dakota Beef Commission - Full Dollar Accountability Report 2014

Source: Financial Statement Developed for Cattlemen's Beef Board "Full Dollar Accountability" Project for July 1, 2013 - June 30, 2014 Fiscal Year



ND Beef Commission Administration and Financial Analysis
for Senate Ag Committee Hearing – 2015

**Based on Annual Full Dollar Accountability Report
prepared for the Cattlemen's Beef Board**

| <u>Fiscal Year</u> | <u>Admin based on Total Income</u> | <u>Admin based on State portion only</u> |
|--------------------|------------------------------------|--|
| 2014 | 6% | 12% |
| 2013 | 4.79% | 9.6% |
| 2012 | 5.1% | 10.3% |
| 2011 | 4.96% | 10% |
| 2010 | 4.75% | 9.5% |
| 2009 | 4.39% | 8.6% |
| 2008 | 4% | 7.9% |
| 2007 | 4.2% | 8.3% |
| 2006 | 4.5% | 8.9% |

DID YOU KNOW

#276
3/6/15
HB1238





Dear Fellow Beef Producers and Importers,

As we reflect on 2014, I am pleased to say that there is no shortage of achievements to report from our national Beef Checkoff Program. Given the ongoing budget challenges we have experienced, I am proud of what we accomplished with our Beef Checkoff Program in fiscal 2014, and I think our entire industry should be excited about those successes!

As always, we had more than our share of challenges — drought, misinformation about our industry and product, and our acutely tight supply situation. But what will become clear to you as you read this annual report is that we have made progress in our efforts to improve the beef industry's position in the marketplace in recent years by improving consumers' understanding of our industry and strengthening their preference for our product.

As you peruse the pages of this report, you will get a feel for the outcomes of the programs we fund with our beef checkoff investments and, maybe more important, the results of those investments — like the 733 million consumer impressions in the first year of the checkoff's digital advertising campaign; the more than 3.6 million page views on the checkoff's flagship Beef. It's What's for Dinner website; and the more than 5 million views of the checkoff's "no-recipe recipe" videos.

Speaking of results, don't forget the findings of the Return on Investment study that Dr. Harry Kaiser of Cornell University presented to the beef industry last summer. His was the most comprehensive study ever conducted on the end value of our dollar-per-head beef checkoff investments, and it demonstrated to us that every dollar we invest in checkoff promotion, research and information programs returns about \$11.20 in value to us and our industry. Now that's what I call results!

As I complete my service on the Beef Board, I do so with tremendous pride in my investment in the program and sincere gratitude for the efforts of the beef producers and importers who volunteer so much time and effort to play a role in making a difference in the future of the beef industry. I encourage you to remain engaged with your industry and your checkoff. After all, when it comes to the health and future of our industry and agricultural heritage, the ball is definitely in our court!

Warm regards,

Kim Brackett

Buhl, Idaho

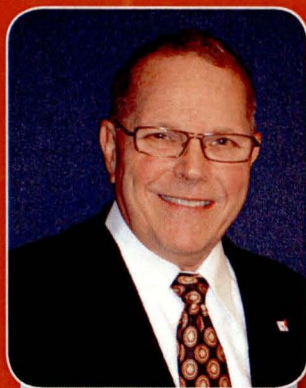
2014 Cattlemen's Beef Board Chairman



2014 Cattlemen's Beef Board Leadership



Chairman
Kim Brackett, Idaho



Vice Chairman
Jimmy Maxey, California



Secretary/Treasurer
Anne Anderson, Texas



**CBB Chief
Executive Officer**
Polly Ruhland

2014 Beef Board Members

Beef Board members are nominated by fellow producers in their respective states or regions. The U.S. Secretary of Agriculture appoints producers to the Board from these nominations, and the U.S. Department of Agriculture oversees the Board. Each Board member serves a three-year term and may serve a second consecutive term if reappointed. Beef Board members serve without compensation. In 2014, Beef Board members represented 10 different sectors of the beef industry, with the largest being cow-calf. There are no packer seats on the Beef Board.

Barbara Jackson
Tucson



AZ

Buddy Smith
Springfield



AR

Leo Sutterfield, Jr.
Mountain View



AR

Tom Parks
Yuma



CO

Phyllis Snyder
Cortez



CO

Jo Stanko
Steamboat Springs



CO

Sarah Childs
Lake Placid



FL

Brad Etheridge
Williston



FL

Kim Brackett
Buhl



ID

Lynn Keetch
Montpelier



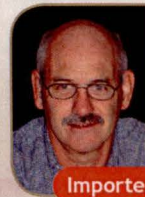
ID

Jeanne Harland
LaFayette



IL

Laurie Bryant
Reston, VA



Importer

Kim Holzner
Windsor, CO



Importer



OVERVIEW

Overview for Checkoff Investors

When we prepare an annual report for Beef Checkoff Program investors, we focus on compiling the information that you told us was of most interest to you. And while you want to know just what is being done with your money, we hear you saying that it is maybe even more important that we demonstrate the results of your investments.

Thanks to an important econometric study completed in 2014, we can start off by saying that your beef-checkoff investments are taking less out of your pocket than they are putting back in it. In fact, that comprehensive Return on Investment study by Dr. Harry Kaiser, a professor of applied economics at Cornell University, demonstrates that every dollar you invested in CBB-funded programs budgeted between 2006 and 2013 returned about \$11.20.

There is little argument that 2014 was a stellar year for the beef industry, with record high prices for cattle and beef. In fiscal 2014, consumer per-capita expenditures for beef were 14.1 percent ahead of 2013, and retail beef demand grew nearly 5.9 percent the final quarter of FY2014. That kind of consumer approval is the key to beef-demand growth, and achieving growth in beef demand despite the tight markets in 2014 is something that every producer and importer should take pride in celebrating.

Building consumer trust and demand for beef doesn't just happen. It takes a coordinated effort that begins with defining the target markets, then determining what makes them tick and what they want from your end products — and then figuring out how to provide that to consumers. As you will see on the following pages, that's exactly what your checkoff program does.



Of course, there is no way to give you a rundown on every single program implemented on your behalf during the year in this report. But we are highlighting here some results from each CBB budget category — promotion, research, consumer information, foreign marketing, industry information and producer communications. And you can always find more information and results at www.MyBeefCheckoff.com.

Chris Hutton
Chicago, IL



Importer

Peter Maloney
Fairfield, CT



Importer

Terry Meikle
Washington, DC



Importer

John O'Carroll
Southlake, TX



Importer

Fred Sorbello
Mullica Hill, NJ



Importer

Don Gurtner
Fremont



IN

Dean Black
Somers



IA

Cindy Greiman
Garner



IA

Kent Pruismann
Rock Valley

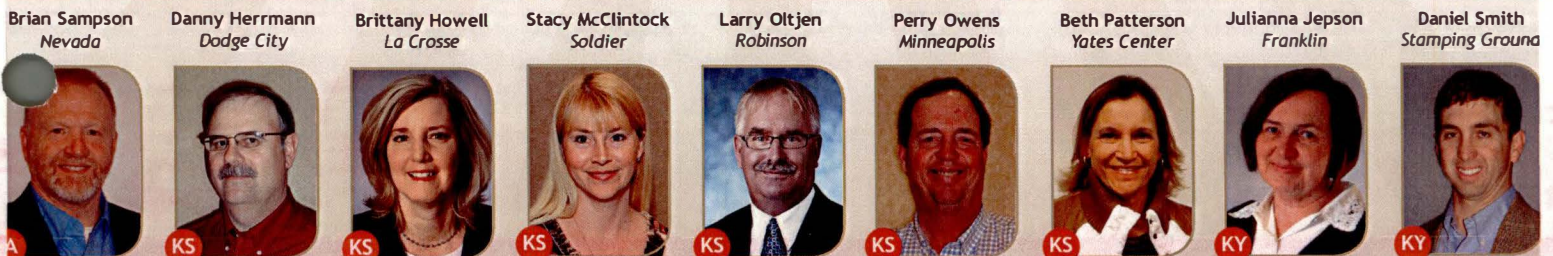


IA

EVERY DOLLAR INVESTED RETURNS \$11.20



In a comprehensive economic study about the return on investments of checkoff programs funded by the Cattlemen's Beef Board, Dr. Harry Kaiser of Cornell University concluded that the return on investments is vastly greater than the cost of the program.





PROMOTION

In 2014, checkoff-funded programs funded through the "Promotion" budget category focused on providing consumers with the information they wanted about beef, when they wanted it and how they wanted it delivered.

Engaging Social Media

In a social media landscape where consumers have to navigate competing "noise" every day, the checkoff reached consumers with beef information like never before. Our efforts led to more than 1 million engagements — likes, shares, views and retweets — on the "Beef. It's What's For Dinner" Facebook and Twitter pages. The paid advertising promoting those posts separately engaged more than 450,000 individual Facebook users with checkoff content and recipes and drove more than 14,000 additional interactions on Twitter. These efforts help keep beef top-of-mind and provide daily inspiration for consumers to purchase, prepare and enjoy beef more.



Sizzling Digital Advertising Campaign

The checkoff's new digital advertising campaign wrapped up its first full year, and the results were beyond expectations:

- Educated millions of consumers — especially the key target market of millennials (born between 1980 and 2000) — about beef taste, nutrition and ease-of-use
- 733 million ad impressions
- More than 3.6 million page views on BeefItsWhatsForDinner.com
- More than 5 million views of the checkoff's new "No-Recipe Recipe" videos



Promoting Veal

The checkoff's 2014 launch of the new easy-to-navigate, recipe-focused and mobile-responsive [Veal Made Easy.com](http://VealMadeEasy.com) provides an integrated veal-promotion hub. On-pack labels, traditional and digital advertising campaigns and social-media properties drove consumers to the website for veal recipes and other information. In a separate promotion, the checkoff worked with the Connecticut-based restaurant chain Rizzuto's to launch the new VLT (Veal-Lettuce-Tomato) sandwich. Veal marketing efforts with beef retailers boosted veal sales at more than 1,700 participating stores during two themed promotions in January (Eat Better Eat Veal) and September (Columbus Day). The two promotions garnered more than 9 million digital and television impressions.

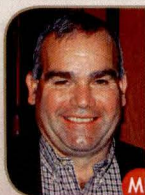


Jenevieve Lyons
Church Point



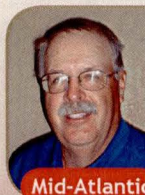
LA

Andy Salinas
Marion



MI

Larry Echols
Gap Mills, WV



Mid-Atlantic

Steve Matthees
Goodhue



MN

Ted Reichmann
Villard



MN

Mike McCormick
Union Church



MS

Brenda Black
Deepwater



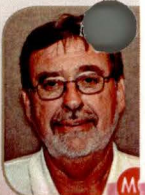
MO

Kevin Frankenbach
Hannibal



MO

Howard Hardeck
Springfield



M



As the foundation of virtually all checkoff programs, research provides the information needed to identify key audiences and their likes and dislikes, along with science aimed at improving and developing end beef products to meet consumers' ever-changing needs.

Market Research

The checkoff conducted a millennial listening panel in fiscal 2014 to better understand their relationship with beef — in the store or restaurant, when discussing nutrition with their friends or looking for information online. Results were coordinated with managers of checkoff programs including promotion, consumer information, culinary innovations, and issues and reputation management. The panel was so successful that 2015 market-research goals include a second panel to help increase knowledge of this target audience. The checkoff also completed its 11th annual Foodservice Volumetric Study, which surveyed 960 key foodservice executives and chefs about beef trends and cut sales to help develop programs to drive restaurant sales of beef.



New Product Development

There's a new bacon in town, and it's called Schmacon. After working with the checkoff's Beef Innovations Group to prepare the beef product for commercialization, Schmaltz Deli Co. introduced Schmacon at the National Restaurant Association convention in May. Schmacon is lower in fat, calories and sodium than traditional pork bacon and has its own unique taste and crispness. This product is not only positioned for breakfast but also as an ingredient.



Human Nutrition Research

The checkoff hosted more than 80 top-tier protein researchers for the internationally recognized Protein Summit 2.0 in Washington D.C., with additional support from industry partners. The summit's goal was to explore evidence related to protein's impact on health in key areas such as weight loss, metabolic function and aging, and solutions for translating science into protein recommendations for consumers trying to achieve better health.



Salmonella Research

Checkoff-funded Salmonella research in fiscal 2014 included:

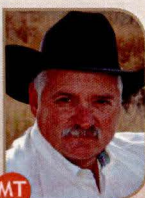
- Post-harvest research to determine the burden and distribution of *Salmonella* in lymph nodes of cattle and spur development of practical interventions to improve beef safety
- Pre-harvest research aimed to reduce the potential for Salmonella to transfer through slaughter.
- Presentations at research meetings, beef safety conferences and industry gatherings that allowed participants to interact directly with the principal investigators and their colleagues about beef safety challenges and possible solutions.

Project summaries, research briefs and other resources are available at Beef Research.

Leon Kreisler
Salem



Leo McDonnell
Columbus



Linda Nielsen
Nashua



Lyle Peterson
Custer



Al Davis
Hyannis



Judy Reece
Valentine



Joan Ruskamp
Dodge



Doug Temme
Wayne



Sherry Vinton
Whitman



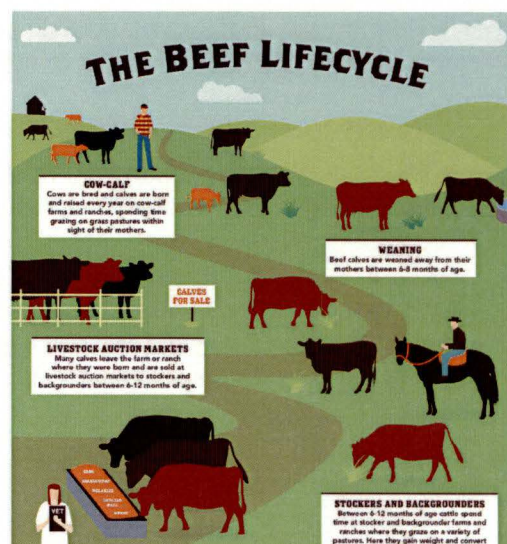


CONSUMER INFORMATION

Checkoff-funded programs funded through the “Consumer Information” budget category focused on creating outlets to answer consumers’ questions about beef by sharing information about beef nutrition, research and convenience, and providing them with tools to prepare beef successfully at home.

Living Well: Experiencing The Beef Lifecycle

Prominent dietitians, fitness professionals and food bloggers participated in a checkoff-funded “Live Well” event in 2014 to get an up-close-and-personal look at how beef is raised. The experience encouraged a deeper understanding of the beef lifecycle and continuous improvement in beef nutrition, sustainability, quality and value. Participant-survey results registered a 45 percent increase in the number reporting that they are more likely to recommend and serve beef over other proteins. Blog posts recapping the event were included on ThenHeatherSaid.com, AmeesSavoryDish.com, ChefDruck.com and a FOX Chicago wellness segment.



Strengthening Relationships at Retail, Foodservice

Based on a strategic target assessment, the checkoff identified retail and restaurant operators with the greatest potential to increase beef sales, and is developing deeper relationships by providing unique opportunities for education and immersion to a number of operators. In 2014, that included participation by 75 center-of-plate specialists and senior leaders from Performance Foodservice — a distributor that provides beef to more than 160,000 independent and national foodservice outlets — in creative culinary ideation and education aimed at selling more beef to their customers nationwide.



Exploring Digital Consumer Education

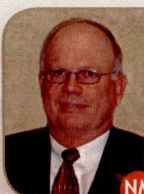
The checkoff partnered with Ibotta, a leading consumer application, to encourage beef sales at Wal-Mart and Target stores nationwide in 2014. The Ibotta app encouraged consumers to learn beef-freezing and nutrition facts and watch checkoff videos for the “Easy Lean Beef Burger” and “DIY Tacos” to earn a rebate on purchases of fresh top sirloin or ground beef. The partnership offers a direct path for consumers looking for information and provides valuable analytics about consumer shopping and spending behaviors to guide future program activity.



David Wright
Neligh



Wesley Grau
Grady



Tamara Ogilvie
Silver City



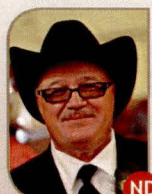
Patty Bikowsky
Madison



E.B. Harris
Warrenton



Patrick Becker
Selfridge



James Schmidt
Menoken



Jane Clifford
Starksboro, VT

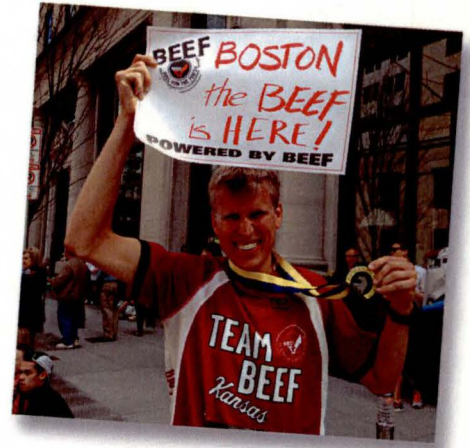


Pete Guglielmini
Kettle Falls, WA



Keeping Beef Top of Mind in the Northeast

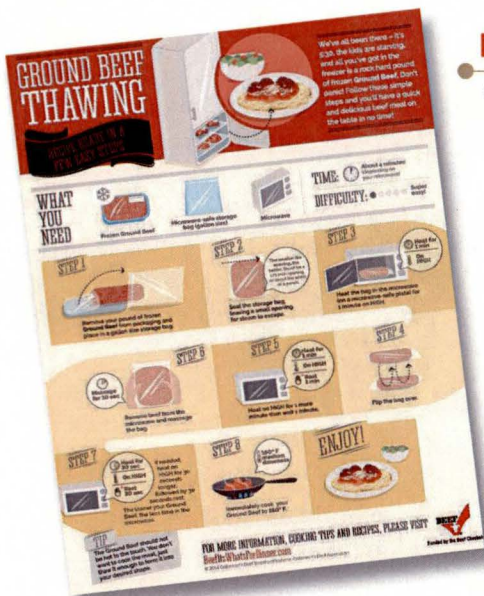
Targeting the heavy concentration of U.S. consumers in the Northeast, the checkoff invested in a “Northeast Beef Promotion Initiative” to increase communication with consumers and influencers. In FY14, this included hosting three farm tours — at Hedge Apple Farms and Gibbet Hill Cattle Company — for key retail, foodservice and nutrition influencers to bring participants face-to-face with producers. The checkoff also highlighted the importance of high-quality protein, like that found in lean beef, in diets of athletes by sharing beef’s nutrition messages with runners and onlookers at the 118th Boston Marathon and the 39th Marine Corps Marathon, with a combined audience of more than 200,000 consumers.



Reaching Moms, Millennials and More

The checkoff’s “Moms, Millennials and More” program hosted 10 creative social-media events in FY14, providing an easily accessible platform for moms and millennials to engage with grassroots beef producers. Participants asked questions about how beef is produced and shared their enjoyment of beef through pictures and recipes via Twitter, Instagram and Pinterest. These activities registered more than 80 million social-media impressions, and an impressive 84 percent of participants surveyed after a Twitter Party said the experience improved their opinions about beef.

"This booth is the most informative and useful place with stuff we can actually USE in this whole show! You teach things that are so useful for people who cook, like how to wrap meat and cut it. This booth is the best!"



Educating Millennials about Ground Beef

Given that market research finds older millennial parents purchasing ground beef more often than whole muscle cuts, the checkoff created a new Ground Beef section on BeefItsWhatsForDinner.com to highlight the versatility and convenience of ground beef. The section features everything from quick-and-easy recipes to step-by-step instructions for thawing ground beef in less than five minutes, including a series of demonstration videos.

Davis Denman
Cortland



Chuck Coffey
Springer



Terry Detrick
Oklahoma City



Barbara Jacques
Shidler



Brett Morris
Ninnekah



Terry Wyatt
Hollister



Pat Venable
Klamath Falls



Joyce Bupp
Seven Valleys



Jana Malot
Harrisonville





FOREIGN MARKETING

Mindful that 95 percent of the global population lives outside of the U.S., the checkoff promotes U.S. beef in more than 80 countries worldwide. Results in 2014 were impressive, with U.S. beef exports during the first 10 months of the year valued at \$5.87 billion — 15 percent ahead of the record pace in 2013 — and volume up 3 percent to more than 220 million pounds.

Developing Marketing Channels in Taiwan

To build on demand growth for U.S. beef in Taiwan, the checkoff helped further develop channels for marketing high-quality chilled beef and introduced competitively priced alternative cuts to a wider range of Taiwanese buyers. Efforts the checkoff helped fund included seminars for Taiwan's foodservice operators, retailers and importers about the quality and value of the petite tender and clod heart and demonstrating how these cuts can add quality and variety to menus at an economical price. A two-day seminar in August drew nearly 100 food industry professionals and included a segment with Dr. Wu Yun-Chu of Tung Hai University, who addressed many common misperceptions about the safety of U.S. beef.



The results? Through the first 10 months of the year, the value of U.S. beef exports to Taiwan was 16 percent ahead of 2013, at \$242.6 million, while volume was up 7 percent for the 10-month period, reaching 63.2 million pounds. With a strong finish, export value will easily exceed the 2013 calendar year record of \$254.4 million.

Rebuilding Confidence in South Korea

Capitalizing on the growing “steak culture” phenomenon in Korea, the checkoff helped fund an American Steak Week campaign involving South Korean restaurants specializing in U.S. steak dishes. The event was heavily promoted through Facebook and was further showcased by 16 influential food bloggers. American Steak Week also was the focus of an advertorial in the *Chosun Ilbo* newspaper, which has more than 2.2 million readers, while the high-end lifestyle magazine *Luxury* ran a six-page advertorial featuring the participating restaurants. Many of these restaurants kept the featured cuts on their regular menus after the promotion ended. The checkoff also helped introduce dry-aged, USDA Prime beef in Korea, which quickly gained traction in high-end restaurants and at retail. And a series of popular “social dining” events in Seoul helped grow demand for U.S. beef among a younger demographic.



The results? Through the first 10 months of the year, the value of U.S. beef exports to South Korea was 41 percent ahead of 2013, at nearly 675 million pounds (well ahead of the full-year 2013 value of \$609 million), and volume was up 12 percent, reaching about 212 million pounds.

Danni Beer
Keldron



SD

Linda Gilbert
Buffalo



SD

Vaughn Meyer
Reva



SD

Gary Sharp
Bath



SD

Max Bozeman,
Jr. Elba, AL



Southeast

Robert Fountain, Jr.
Adrian, GA



Southeast

Craig Kesler
Newberry, SC



Southeast

Willie Bylsma
Oakdale, CA



Southwest

Ted Greidanus
Visalia, CA



Southwest

Capitalizing on Foodservice in Hong Kong

U.S. beef continues to achieve great success in Hong Kong's foodservice sector in outlets ranging from high-end steakhouses to fast-casual restaurants. The beef checkoff provides marketing support for hot-pot promotions in Hong Kong, especially during the high-demand winter season, and leading chains, such as Fairwood, Maxim's and Café De Coral, are using U.S. short plate in their hot-pot dishes, delivering exceptional value for a cut that commands very little attention in our domestic market. With beef prices in the region reaching all-time highs, the checkoff also has actively supported educational workshops and seminars to familiarize chefs and buyers with alternative beef cuts, including the brisket, top sirloin butt, clod heart and steamship round. In June, U.S. beef was granted full access to Hong Kong, creating opportunities for certain products not allowed in the market since 2003 — including ground beef, processed meats and bone-in cuts from cattle more than 30 months of age.



The results? Through the first 10 months of the year, the value of exports to Hong Kong, at \$898 million, were up 43 percent year-over-year and had, in fact, already broken the full-year value record set in 2013. With a strong finish in 2014, exports to Hong Kong were set to break the \$1 billion mark for the first time. U.S. beef export volume to Hong Kong was up 23 percent through October, reaching nearly 272 million pounds.

Winning over Mexico's Next Generation of Chefs

To build demand in Mexico, the Beef Checkoff Program supports efforts to introduce U.S. beef to the next generation of chefs and foodservice industry professionals through events like seminars and cooking competitions at 14 of the Universidad de Valle de Mexico's (UVM) 40 campuses in 2014. With more than 6,000 students enrolled in its gastronomy program, UVM is an extremely important training ground for professionals who go on to build careers in Mexico's hotel, restaurant and institutional (HRI) sector. Through the seminars, about 600 students received in-depth information on the positive attributes of U.S. beef and gained valuable preparation and menu planning experience. In the cooking competition, the team from UVM's Guadalajara South campus took top honors with a menu comprising a U.S. beef ribeye with fruit and tequila sauce. The competition provided a great venue for connecting with young culinary professionals early in their careers, allowing them to see the quality, flexibility and affordability that U.S. beef contributes to their restaurant menus.

The results? Through the first 10 months of the year, the value of exports to Mexico, at \$962.6 million, represented a 31 percent increase over the same period in 2013, while volume was up 17 percent to 442.6 million pounds. That made Mexico the No. 2 export market for U.S. beef in 2014, behind Japan, which imported 456 million pounds of U.S. beef valued at \$1.3 billion during the 10-month period.



Jimmy Maxey
Fresno, CA



Southwest

Annalyn Settlemeyer
Gardnerville, NV



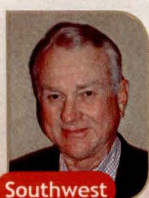
Southwest

Michael Smith,
Visalia, CA



Southwest

Darrel Sweet
Livermore, CA



Southwest

Larry Cunningham
Spring City



TN

Paul Moss
Cottage Grove



TN

Hughes Abell
Austin



TX

Tom Alger
Frisco



TX

Anne Anderson
Austin



TX



INDUSTRY INFORMATION

In 2014, checkoff-funded programs in the "Industry Information" budget category focused on developing information, marketing strategies, tools for increasing industry efficiency and activities that enhance the image of the cattle industry.

Protecting Consumer Confidence in Beef

On a daily basis in FY14, the checkoff responded to misinformation and requests for information about beef issues, ranging from antibiotics to hormones to environmental impacts of raising beef. In July, for example, the Proceedings of the National Academy of Sciences released a report claiming that greenhouse gas emissions from beef are five times greater than any other animal protein, and the lead author encouraged people to eat less beef. Dr. Kim Stackhouse, the checkoff's director of sustainability research, helped review the study and develop a checkoff media statement in response, noting, in part: "This study represents a gross oversimplification of the complex systems that make up the beef value chain." The statement was picked up and syndicated by the Associated Press and resulted in more than 40 news articles nationwide—including some major urban broadcast outlets.

In addition to being able to provide quick direct responses, the checkoff builds consumer confidence by increasing transparency through FactsAboutBeef.com, with strong website copy, fact sheets, infographics, videos and third-party expert blogs to help debunk beef myths of every ilk. The website, which also features farmers and ranchers proactively sharing information about how they raise beef, enjoyed a 300-percent increase in traffic in 2014, while the associated [@BeefFacts](https://twitter.com/BeefFacts) social-media property recorded a 200-percent increase.



300
PERCENT
INCREASE
in traffic in 2014

Bruce Dopslauf
LaGrange



Dave Edmiston
Brady



Chuck Kiker III
Beaumont



Paul Looney, Jr.
Mineral



Steven Mafrige
Tilden



Tim Pennell,
Westhott



Larry Pratt
Eliasville



Charlie Risinger
Terrell

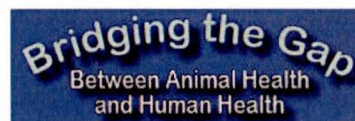


Sugie Sartwell
Sealy



Bridging the Gap on Antibiotics

Nearly 200 key beef-industry stakeholders — representing academia, government researchers, and the scientific community of animal agriculture, human medicine and the environment — attended the third-annual national antibiotics symposium. Funded in part by the checkoff, “Bridging the Gap Between Animal Health and Human Health” provided a forum for dialogue based on the science surrounding antibiotic use and resistance and included development of solutions and educational materials for beef producers. A comprehensive white paper summarizing the symposium was downloaded more than 27,000 times last year!



Supporting Veal Transparency, Quality

In 2014, the checkoff's veal issues-management program was responsible for monitoring and analyzing more than 190,000 traditional media sources and more than 300 million user-generated social-media sources for veal news coverage. This intelligence helped identify potential issues that could undermine consumer confidence and trust in veal practices and products, which were addressed with support from the checkoff's www.vealfarm.com. Also, a committee of veterinarians and veal industry experts updated the checkoff's Veal Quality Assurance program to provide standards and resources for veal farmers to meet their ethical obligation to the animals' health and well-being.



Connecting Consumers with Farmers and Ranchers

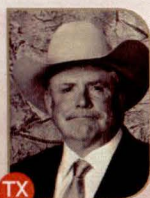
The checkoff's Masters of Beef Advocacy (MBA) program has graduated more than 5,500 beef advocates in 48 states. In 2014, one graduate welcomed 13 influential health professionals and bloggers to his feedyard for a personal experience about how beef is raised, which participants said positively changed their perceptions about animal welfare, environmental stewardship and use of growth hormones. Another MBA graduate participated in a panel discussion at *The New York Times*' "Food For Tomorrow" conference, amidst critics of conventional agriculture including author Michael Pollan and columnist Mark Bittman and drew huge applause with her plea to include farmers and ranchers in food discussions.



Janna Stubbs
Alpine



Richard Winter
Canyon



Laurie Munns
Snowville



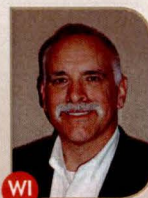
Joe Guthrie
Dublin



Hank Maxey, Jr.
Chatham



Marty Andersen
New Glarus



Lloyd DeRuyter
Cedar Grove



Randy Geiger
Reedsville



Spencer Ellis
Lovell





PRODUCER COMMUNICATIONS

Checkoff programs funded through the “producer communications” budget category focus on communicating to beef producers and importers who invest in the checkoff program the results of their investments. This includes a national advertising campaign and paid media efforts, as well as direct communications with checkoff leadership, state beef councils, livestock markets and other industry partners.

Making Checkoff Info Easier to Find

A new MyBeefCheckoff.com provides an easy to navigate selection of checkoff resources and program results. The new site also has a new “Meeting Center” that provides checkoff meeting and committee materials and information all in one place. The website remake modernizes and simplifies organization of materials and makes everything accessible. In addition, it is “responsive,” which means it views the same on all electronic devices, from computer to tablet to smartphone.



Breaking Through with Checkoff Messages

The FY 2014 “Did You Know?” producer-communications ad campaign proved very effective in ag publications. For example, an ad featuring CBB Chairman [Kim Brackett](#) in *BEEF* magazine was No. 1 in the entire edition measured for “read half or more” and No. 2 for “remember seeing.” Subsequent additions to the campaign continued to perform well and included print, online and video testimonials from cow-calf producers [Troy and Stacy Hadrick](#), stocker and feedlot operator [Roger Clift](#) and cow-calf producer [Dawn Caldwell](#), as well as a new “Did You Know?” video [commercial](#).



Getting Social With Investors

A growing number of checkoff investors are engaging in important checkoff conversations on the My Beef Checkoff Facebook page and through the [My Beef Checkoff Twitter](#) handle. The two platforms have a combined following of more than 14,000 individuals and tremendous engagement, with a combined monthly reach of about 80,000 people.

Extending ROI Messages

To share the positive messages of the checkoff’s Return on Investment study in 2014, the checkoff developed a comprehensive [landing page](#), “Measuring Value of Checkoff Programs,” populated with dozens of print, trade show, and social-media materials that show the results from every angle. The producer-communications team also customized ROI materials, by request, for more than a dozen state beef councils. In August alone, the campaign led to 486 media reports, 639 tweets, 186 Facebook posts, 484,000 TV viewers, 732,552 ad impressions, and 8,700 website visits that garnered 27,000 page views.



Cattlemen's Beef Promotion and Research Board

Financial Statements as of September 30, 2014 and 2013 Together with Independent Auditors' Report Thereon

Independent Auditors' Report

Board of Directors

Cattlemen's Beef Promotion and Research Board
Centennial, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Cattlemen's Beef Promotion and Research Board (the Board), which comprise the statements of assets, liabilities and net assets — modified cash basis as of September 30, 2014 and 2013, and the related statements of revenues, expenses, and changes in unrestricted net assets — modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets — modified cash basis of the Board as of September 30, 2014 and 2013, and its revenues, expenses, and changes in unrestricted net assets — modified cash basis for the years then ended, in accordance with the basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary statements of assessment revenues by state — modified cash basis is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2014, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Other Matters

In connection with our audits, nothing came to our attention that caused us to believe the Board failed to comply with the provisions of the Beef Promotion and Research Act of 1985 (the Act) and the Beef Promotion and Research Order (the Order) related to the use of funds collected by the Board insofar as they relate to accounting matters. Further, in connection with our audits, except as described in the accompanying report issued in accordance with Government Auditing Standards, nothing came to our attention that caused us to believe the Board was not in compliance with the terms of Section 1260.149(f) of the Order, or with the terms of the Agricultural Marketing Service (AMS) Investment Policy, which describe the type of instruments in which the Board may invest, insofar as they relate to accounting matters. However, our audits were not directed primarily towards obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Board's noncompliance with the above referenced Act, Order, and AMS Investment Policy, insofar as they relate to accounting matters.

The report is intended solely for the information and use of the members of the Board and its management, the Audit Committee, and the United States Department of Agriculture and is not intended to be, and should not be, used by anyone other than these specific parties.

CliftonLarsenAllen LLP
Greenwood Village, Colorado
November 20, 2014

Statements of Assets, Liabilities and Net Assets

(Modified Cash Basis, Note 2)
September 30, 2014 and 2013

| Assets | 2014 | 2013 |
|--|----------------------|----------------------|
| Cash and Cash Equivalents (Note 3) | \$ 12,129,299 | \$ 13,795,268 |
| Short-Term Investments (Note 3) | 10,452,000 | 6,969,002 |
| Capital Assets, net of accumulated depreciation of \$69,401 and \$59,698, respectively | 10,531 | 20,234 |
| Other | 30 | — |
| Total Assets | \$ 22,591,860 | \$ 20,784,504 |
| Liabilities and Net Assets | | |
| Due to State Beef Councils and Other | \$ 2,405 | \$ — |
| Net Assets - Unrestricted (Note 5): | | |
| Designated for future expenses | 14,149,528 | 13,490,594 |
| Designated - Board reserve | 4,350,000 | 4,350,000 |
| Undesignated | 4,089,927 | 2,943,910 |
| | 22,589,455 | 20,784,504 |
| Total Liabilities and Net Assets | \$ 22,591,860 | \$ 20,784,504 |

Statements of Revenues, Expenses and Changes in Unrestricted Net Assets

(Modified Cash Basis, Note 2)
For The Years Ended September 30, 2014 and 2013

| Revenues | 2014 | 2013 |
|--|----------------------|----------------------|
| Assessments (Note 1) | \$ 40,361,145 | \$ 39,596,999 |
| Interest | 61,901 | 66,485 |
| Other | 78,771 | 48,691 |
| Total revenues | 40,501,817 | 39,712,175 |
| Expenses | | |
| Program Expenses - | | |
| Promotion | 9,438,367 | 15,528,767 |
| Research | 7,927,598 | 6,036,100 |
| Consumer Information | 8,366,182 | 3,390,267 |
| Industry Information | 1,817,768 | 3,492,377 |
| Foreign Marketing | 7,355,729 | 6,036,724 |
| Producer Communications | 1,478,324 | 1,529,824 |
| Program Evaluation | 175,274 | 179,590 |
| Program Development | 238,943 | 179,088 |
| Total program expenses | 36,798,185 | 36,372,737 |
| Supporting Services - | | |
| USDA Oversight | 289,631 | 279,075 |
| Administration (Note 4) | 1,609,050 | 1,536,829 |
| Total expenses | 38,696,866 | 38,188,641 |
| Change in net assets | 1,804,951 | 1,523,534 |
| Beginning unrestricted net assets | 20,784,504 | 19,260,970 |
| Ending unrestricted net assets | \$ 22,589,455 | \$ 20,784,504 |

The accompanying notes to financial statements are an integral part of these statements.

Notes to Financial Statements

(Modified Cash Basis)

September 30, 2014 and 2013

(1) ORGANIZATION AND OPERATIONS

The Beef Promotion and Research Act of 1985 (the Act), approved on December 23, 1985, by the United States Congress, established a coordinated program of promotion and research designed to strengthen the beef industry's position in the marketplace, as well as to maintain and expand domestic and foreign markets and uses for beef and beef products. As provided in the Act, the Secretary of the United States Department of Agriculture (the Secretary) issued the Beef Promotion and Research Order (the Order), effective July 18, 1986, which provides the terms and conditions for the Act's administration. The Cattlemen's Beef Promotion and Research Board (the Board), which was created and approved by the Secretary to administer the Act, consists of 103 members who are representatives of the cattle industry in the United States, including importers. Board members are appointed by the Secretary.

The program is financed by a \$1 per head assessment on domestic sales of cattle and on imported cattle, beef, and beef products. The Board, as part of its responsibilities under the Act and Order, may certify no more than one Qualified State Beef Council (Council) in each state and authorize that Council to collect such assessments. The assessments are remitted to the Councils or the Board. The Board receives one-half of assessment monies from states with Councils and the Councils retain the remainder. The Board receives all assessment revenues from states without Councils and from imported cattle, beef, and beef products.

Pursuant to the Act, the Board's expenses for administration are limited to 5% or less of projected revenues. All remaining revenues are expended on programs related to promotion, research, and information for the beef industry. The Board contracts with established national cattle- or beef-industry-governed nonprofit organizations for the implementation and conduct of these programs. Under the terms of these contracts, the entities, which receive Board contracts, are subject to annual audits and reviews.

During fiscal years 2014 and 2013, the Board reimbursed the following industry organizations for program expenses incurred on approved projects:

| Name of Contractor | 2014 | 2013 |
|---|--------------|--------------|
| Meat Importers Council of America (MICA) | \$326,416 | \$470,453 |
| National American Meat Association (NAMA) | \$616,795 | \$123,959 |
| National Cattlemen's Beef Association (NCBA) | \$33,530,014 | \$33,661,423 |
| National Livestock Producers Association (NLPA) | \$30,000 | \$25,000 |
| American National CattleWomen (ANCW) | \$402,419 | \$203,400 |

The program expenses incurred by NCBA during fiscal years 2014 and 2013 included reimbursements for costs incurred under subcontracts with the American National CattleWomen of \$198,811 and \$296,444, and the U.S. Meat Export Federation of \$7,355,729 and \$6,036,723, respectively.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. Under this method, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when incurred. At September 30, 2014 and 2013, there were assessment receivables of approximately \$6,900,000 and \$6,700,000, interest receivables of approximately \$12,000 and \$10,000, accrued compensated absences of approximately \$46,000 and \$4,000 and accounts payable of approximately \$7,000,000 and \$6,700,000, respectively, which are not reflected in the accompanying financial statements. Accounts payable relate to appropriated expenditures and are included in the net assets designated for future expenses in the accompanying statements of assets, liabilities and net assets (Note 5).

As discussed in Note 1, the Board receives one-half of the assessment monies collected by the Councils and the remainder is retained by the Councils. The accompanying financial statements include only the Board's share of assessment monies and do not include amounts related to either revenues or expenses of the individual Councils.

Cash, Cash Equivalents and Short-Term Investments

For purposes of classifying investments, the Board considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents and short-term investments are recorded at cost.

Depreciation

Capital assets, which include equipment and leasehold improvements, are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of three to ten years.

Use of Estimates

The preparation of financial statements require management to make estimates and assumptions that affect certain reported amounts and disclosures, primarily those estimates included in the Basis of Accounting disclosure above. Accordingly, actual results could differ from those estimates.

(3) CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS

The Secretary has provided that excess cash may be invested, on a short-term basis, in certificates of deposit insured by the Federal Deposit Insurance Corporation or obligations of the United States, U.S. Government agencies, or U.S. Government-sponsored corporations. Cash, cash equivalents and short-term investments at September 30, 2014 and 2013, by investment type, are as follows:

| September 30, 2014: | | | | |
|---------------------------|---------------------------|------------------------|----------------------|---------------------|
| | Cash and Cash Equivalents | Short-Term Investments | Total Carrying Value | Total Fair Value |
| Demand Deposit Account | \$5,586,537 | \$ — | \$5,586,537 | \$5,586,537 |
| Money Market Accounts | 9,526,058 | — | 9,526,058 | 9,526,058 |
| Certificates of Deposit | — | 10,452,000 | 10,452,000 | 10,441,727 |
| Less — Outstanding Checks | (2,983,296) | — | (2,983,296) | (2,983,296) |
| Totals for 2014 | \$12,129,999 | \$10,452,000 | \$22,581,999 | \$22,571,026 |
| September 30, 2013: | | | | |
| | Cash and Cash Equivalents | Short-Term Investments | Total Carrying Value | Total Fair Value |
| Demand Deposit Account | \$4,366,288 | \$ — | \$4,366,288 | \$4,366,288 |
| Money Market Accounts | 9,988,277 | — | 9,988,277 | 9,988,277 |
| Certificates of Deposit | — | 6,969,002 | 6,969,002 | 6,963,363 |
| Less — Outstanding Checks | (559,297) | — | (559,297) | (559,297) |
| Totals for 2013 | \$13,795,268 | \$6,969,002 | \$20,764,270 | \$20,758,631 |

In accordance with the Board's policy, the demand deposit accounts, the money market accounts and the certificates of deposit are insured by the Federal Deposit Insurance Corporation and/or fully collateralized by U.S. Government securities held at the Federal Reserve Bank in the Board's name.

(4) ADMINISTRATION EXPENSE

The Act limits expenses for the administration of the program to 5% or less of projected revenues. Projected revenues were \$39,000,000 for 2014 and \$39,400,000 for 2013. Accordingly, the administrative expenses incurred by the Board were limited to \$1,950,000 in 2014 and \$1,970,000 in 2013. Administrative expenses incurred by the Board on the accrual basis (versus modified cash basis amounts reflected in the accompanying statements of revenues, expenses and changes in unrestricted net assets) were approximately \$1,640,000 (4.2% of projected revenues) in 2014 and \$1,547,000 (3.9% of projected revenues) in 2013. Expressed as a percentage of actual revenues, the Board's administrative expenses were 4.0% in 2014 and 3.9% in 2013.

The Board has entered into an Administrative Services Agreement with NCBA whereby NCBA agreed to provide certain administrative services to the Board in return for reimbursement of all direct and indirect costs related to the provided services. During 2014 and 2013, respectively, the Board paid NCBA approximately \$32,000 and \$31,000 related to this agreement.

The Board leases office facilities and equipment from outside third-parties under operating leases. Payments required under the leases were approximately \$93,000 during 2014 and \$92,000 during 2013. Future annual payments related to the leases are approximately \$95,000 in 2015, \$96,000 in 2016, \$93,000 in 2017, \$96,000 in 2018, \$98,000 in 2019 and \$50,000 thereafter.

(5) UNRESTRICTED NET ASSETS

Unrestricted net assets represent amounts currently available for the use in the Board's operation in accordance with the Act and those resources invested in fixed assets. Designated net asset balances represent tentative plans of the Board for future use of financial resources, as follows:

Designated for Future Expenses

This balance relates to unexpended program appropriations.

Designated - Board Reserve

On October 6, 2010, the Board has approved the establishment of a reserve in the amount of \$4,350,000 to be used, as the Board may deem necessary, with the approval of the Secretary.

Undesignated

As of September 30, 2014 and 2013, \$4,089,927 and \$2,943,910, respectively, of the net assets had not been designated by the Board and is available for budgeting to the various program areas. Of these amounts, \$10,531 and \$20,234 represent net assets invested in fixed assets as of September 30, 2014 and 2013, respectively.

(6) INCOME TAX STATUS

The Board has received a ruling from the Internal Revenue Service stating that it is classified as a tax-exempt entity that engages in activities under the aegis of the United States Department of Agriculture.

(7) PENSION PLAN

The Board provides a defined contribution plan for all of its employees under which annual contributions are provided based on a percentage of each employee's salary. Contributions required and funded by the Board were approximately \$112,000 and \$111,000 in 2014 and 2013, respectively.

(8) SUBSEQUENT EVENT

Management evaluated subsequent events through November 20, 2014, the date the audited financial statements were available to be issued. Events or transactions occurring after September 30, 2014, but prior to November 20, 2014, that provided additional evidence about conditions that existed at September 30, 2014 have been recognized in the financial statements for the year ended September 30, 2014. Events or transactions that provided evidence about conditions that did not exist at September 30, 2014, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended September 30, 2014.

In October 2014, the Board and the Secretary approved \$2,977,573 of the September 30, 2014 net asset balance as designated for expenditures in 2015.

Supplementary Statements of Assessment Revenues by State

For the Years Ended September 30, 2014 and 2013

ASSESSMENT REVENUES (Modified Cash Basis)

Qualified State Beef Councils:

| | 2014 | 2013 |
|--|-------------------|-------------------|
| Alabama | \$ 354,614 | \$ 316,598 |
| Arizona | 294,992 | 305,386 |
| Arkansas | 342,265 | 370,698 |
| California | 1,926,754 | 1,726,088 |
| Colorado | 1,430,812 | 1,599,473 |
| Delaware | 4,875 | 4,034 |
| Florida | 338,537 | 305,000 |
| Georgia | 288,551 | 272,625 |
| Hawaii | 19,024 | 16,275 |
| Idaho | 908,609 | 844,378 |
| Illinois | 312,636 | 308,153 |
| Indiana | 209,380 | 217,829 |
| Iowa | 1,692,485 | 1,695,796 |
| Kansas | 3,548,110 | 3,606,275 |
| Kentucky | 689,233 | 673,928 |
| Louisiana | 193,029 | 176,001 |
| Maine | 12,920 | 13,055 |
| Maryland | 44,070 | 44,355 |
| Michigan | 275,867 | 267,562 |
| Minnesota | 708,458 | 675,612 |
| Mississippi | 300,182 | 323,536 |
| Missouri | 1,217,318 | 1,243,011 |
| Montana | 872,287 | 916,372 |
| Nebraska | 3,531,453 | 3,706,153 |
| Nevada | 141,128 | 136,409 |
| New Jersey | 4,490 | 5,684 |
| New Mexico | 509,780 | 622,319 |
| New York | 307,326 | 308,478 |
| North Carolina | 184,530 | 156,390 |
| North Dakota | 540,103 | 555,924 |
| Ohio | 294,817 | 307,404 |
| Oklahoma | 1,691,797 | 1,618,547 |
| Oregon | 481,458 | 434,332 |
| Pennsylvania | 399,742 | 395,997 |
| South Carolina | 84,896 | 72,927 |
| South Dakota | 1,432,656 | 1,588,571 |
| Tennessee | 447,881 | 403,701 |
| Texas | 5,131,633 | 4,992,868 |
| Utah | 343,092 | 316,490 |
| Vermont | 49,552 | 49,948 |
| Virginia | 390,374 | 347,860 |
| Washington | 554,890 | 548,954 |
| West Virginia | 91,333 | 85,011 |
| Wisconsin | 720,397 | 720,502 |
| Wyoming | 455,969 | 505,458 |
| Total Qualified State Beef Councils | 33,774,305 | 33,801,967 |

States Without Qualified State Beef Councils:

| | | |
|---|---------------|---------------|
| Alaska | 100 | 260 |
| Connecticut | 13,398 | 13,304 |
| Massachusetts | 17,287 | 18,903 |
| New Hampshire | 11,372 | 12,430 |
| Rhode Island | 1,299 | 754 |
| Total States Without Qualified State Beef Councils | 43,456 | 45,651 |

Importers

| | | |
|----------------------------------|----------------------|----------------------|
| Total Assessment Revenues | \$ 40,361,145 | \$ 39,596,999 |
|----------------------------------|----------------------|----------------------|

See the accompanying independent auditors' report.

BEEF



**Funded by
the Beef Checkoff.**

Cattlemen's Beef Board Mission Statement

The Cattlemen's Beef Promotion & Research Board
is dedicated to improving producer profitability,
expanding consumer demand for beef, and
strengthening beef's position in the marketplace.

MyBeefCheckoff.com

Cattlemen's Beef Promotion and Research Board

9000 East Nichols Avenue, Suite 215 • Centennial, Colorado 80112 • Phone: 303.220.9890 • Fax: 303.220.9280

We are fourth generation farmers and ranchers south of Leith, ND and are strong advocates of self-help commodity check off programs. We offer our support for HB 1238 for the following reasons:

1. Check off programs, are self-help programs.
 - If we don't stick up for ourselves, who will stick up for us?
 - If we don't speak for ourselves, who is going to represent us?
 - Are we going to let someone else set the agenda for our future in agriculture?
2. The last beef check off program was set in the mid 1980's with no inflation factor.
 - We all know how the dollar's purchasing power has been eroded.
 - This is just a small step in playing catch up to 30 years ago.
3. The check off has done a lot of good, some examples are:
 - Education
 - It has been a vehicle to get accurate information to the public on the healthful aspects of lean beef.
 - Research
 - It has been a vehicle to give seed money to leverage check off dollars to give accurate research and to help dispel many public misconceptions.
 - It has given health care professionals accurate information about the healthy aspects of lean beef.
 - It has dispelled statements from adversary groups with accurate science.
 - Advocacy
 - An example of this from a recent issue of "Feedstuffs", where dietary guidelines were being set to exclude lean meats—this was reversed. The latest guidelines have included lean meats and eggs, in moderation, in a healthy diet without an adverse effect on cholesterol.
4. It is a voluntary program.
 - Unlike the mandatory national program, there is a provision to receive a refund if you disagree the way the monies are being handled or don't want to support the programs.
 - There has been some talk of a referendum every five years—this would be like fighting Measure 5 every five years. The effort to educate the public about the positive aspects of the check off, takes away efforts to protect and enhance our industry and our future.
5. Gives the possibility for future generations.
 - We are not doing this necessarily for ourselves but hopefully to allow the opportunity for a fifth generation at Blue Hill Ranch.

Blue Hill Ranch

Jamie Hauge
6230 86th St SW
Carson, ND 58529
701-522-9632
701-226-4714

Clair Hauge
8585 62nd Ave SW
Carson, ND 58529
701-522-3360
701-226-8036

*Supplementary Information**Detailed Schedule of Expenditures*

| | 2014 | 2013 |
|------------------------------|-------------------|-------------------|
| Administration | | |
| Compensation: | | |
| Salaries | \$ 118,171 | \$ 115,957 |
| Benefits | 46,188 | 42,695 |
| Per Diem – Commissioners | 10,800 | 8,850 |
| Operations: | | |
| Rent | 11,984 | 11,984 |
| Equipment/Supplies/Postage | 5,515 | 7,813 |
| Audit | 4,472 | 4,363 |
| Telephone | 1,574 | 1,649 |
| Compliance Program | 2,471 | 1,380 |
| Insurance | 638 | 699 |
| Travel - Staff | 7,028 | 6,584 |
| Travel - Commissioners | 18,744 | 20,363 |
| Total Administration | <u>\$ 227,585</u> | <u>\$ 222,337</u> |
| Program Expenditures | | |
| International Promotion | \$ 12,728 | \$ 22,750 |
| Promotion: | | |
| Advertising | 32,655 | 31,873 |
| Retail and Food Service | 1,905 | 1,143 |
| Research | 681 | 18,125 |
| Industry Information | | 200 |
| Consumer Information: | | |
| Health | 5,152 | 5,678 |
| Education | 21,298 | 22,814 |
| Public Relations and Media | 43,807 | 55,816 |
| Cattlemen | 17,209 | 26,541 |
| Producer Information | 3,789 | 17,181 |
| National Program Development | 124,484 | 158,660 |
| Total Program Expenditures | <u>\$ 263,708</u> | <u>\$ 360,781</u> |

March 11, 2015

#1
3/12/15

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1238

Page 2, line 15, overstrike "submit to the commission a written request for a refund"

Page 2, overstrike line 16

Page 2, line 17, overstrike "b. The producer must complete the" and insert immediately thereafter "complete a"

Page 2, line 21, overstrike "c." and insert immediately thereafter "b."

Page 2, after line 22, insert:

"c. The commission shall provide refund applications to a producer upon a request made orally or in writing and shall provide printable refund applications on the commission's website."

Renumber accordingly



Minnesota Department
of Agriculture

625 Robert St. N., St. Paul, MN 55155-2538
www.mda.state.mn.us

Agricultural Marketing and Development, Ph: 651-201-6013

#2
HB 1238
3/2/15

Application for Check-off Refund

Please check only ONE: ☐ Corn ☐ Dry Edible Beans ☐ Area II Potato ☐ Turkey ☐ Sunflower ☐ Other

INSTRUCTIONS

- Form must be filled in completely. Failure to do so will result in delay or denial.
- Proof of check-off must accompany refund application showing First Purchaser, Date of Deduction, and Amount of Deduction. Failure to do so will result in delay or denial.
- Application must be postmarked within 60 days following the Date of Deduction payment of the check-off fee. Failure to do so will result in denial.
- Law requires all parties having a financial interest in the commodity sold be listed as payees on the refund check.
- Applications for refund will not be accepted more than 12 times per year. **Return your completed application PLUS ONE COPY OF IT to:** Minnesota Department of Agriculture, Promotion Councils, 625 Robert Street North, St. Paul, MN, 55155-2538, and keep a copy for your records.

We are collecting the following information in order to process and approve your request for a commodity check-off refund. You are not legally required to give us this information but we may be unable to process your claim without it. No one will have access to your social security number or financial information except those permitted access by law, by your written consent, by a court order or by those department employees whose job duties require access.

| | | |
|--|-------|-----|
| Name of Producer (Must match name on receipt) | | |
| Name/s of others having a financial interest in commodity sold | | |
| Social Security Number or Federal Tax ID Number | | |
| Address | | |
| City | State | Zip |
| County | Phone | |

| Complete name and location of First Purchaser (Enclose a separate sheet and a copy of it if this space is insufficient) | | Check-off Date | Check-off Amount | Amount of Request |
|--|--------------------------------|-------------------|---------------------|----------------------|
| Name of First Purchaser | Delivery Location - City/State | | | |
| | | | \$ | \$ |
| | | | \$ | \$ |
| | | | \$ | \$ |
| | | | \$ | \$ |
| | | | \$ | \$ |
| | | | \$ | \$ |
| TOTAL | | | \$ 0.00 | \$ 0.00 |

I hereby certify, under the penalties provided by law for false statement, that this request is true and correct, and that no other request for refund is being filed with respect to the commodity sold.

7

PRODUCER'S SIGNATURE

DATE (REQUIRED)

FOR DEPARTMENTAL USE ONLY

| | | |
|------------------------|-------------------|---------------|
| PAYMENT REQUESTED \$ | DATE POSTMARKED | MDA SIGNATURE |
| PAYMENT APPROVED \$ | REASON FOR DENIAL | DATE |
| PAYMENT DISAPPROVED \$ | | |

SEND ORIGINAL COMPLETED APPLICATION PLUS ONE COPY TO MDA. KEEP A COPY FOR YOUR RECORDS.

In accordance with the Americans with Disabilities Act, this information is available in alternative forms of communication upon request by calling 651/201-6000.
TTY users can call the Minnesota Relay Service at 711 or 1-800-627-3529. The MDA is an equal opportunity employer and provider.

AG-03057 WEB
6/13/14

March 12, 2015

#1
3/13/15

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1238

Page 2, line 15, overstrike "submit to the commission a written"

Page 2, line 15, overstrike "for"

Page 2, line 16, after "application" insert "from the commission"

Page 2, line 16, after the period insert "The request may be made orally, in writing, or in electronic form."

Page 2, line 19, after the period insert "The application may be returned to the commission in person, by mail, or in electronic form."

Page 2, after line 22, insert:

"d. A producer is not entitled to a refund under this section unless the refundable amount equals or exceeds five dollars."

Renumber accordingly

#2
3/13/15
HB 1238

3. Any person willfully providing false or misleading information to the commission under this section is guilty of a class B misdemeanor.

SECTION 2. AMENDMENT. Section 4.1-03-17 of the North Dakota Century Code is amended and reenacted as follows:

4.1-03-17. ~~Refund~~Permitted refunds of assessment - RequiredRefunds requiring certification by attorney general.

1. a. When the attorney general certifies to the commission that refunds of assessments paid ~~in accordance with this chapter~~under subdivision a of subsection 1 of section 4.1-03-11 are no longer precluded by federal law, the commission may provide ~~refunds to producers~~ refunds of assessments paid under subdivision a of subsection 1 of section 4.1-03-11.
- b. Refunds of assessments paid under subdivision b of subsection 1 of section 4.1-03-11 are available, subject to the requirements of this section.
2.
 - a. To receive a permitted refund of any assessment paid in accordance with this chapter, a producer shall ~~submit to the commission a written request for a refund application from the commission~~ within sixty days after the date of the sale. The request may be made orally, in writing, or in electronic form.
 - b. The producer must complete the refund application and return the application to the commission, together with a record of the assessment paid, within ninety days after the date of the sale. The application may be returned to the commission in person, by mail, or in electronic form. The commission shall then refund the net amount of the assessment that had been collected.
 - c. If a request for a refund is not submitted to the commission within the prescribed time period, the producer is presumed to have agreed to the assessment.
 - d. A producer is not entitled to a refund under this section unless the refundable amount equals or exceeds five dollars.

SECTION 3. EXPIRATION DATE. Subdivision b of subsection 1 of section 4.1-03-11 is effective until the attorney general certifies to the commission that the amount of the assessment due in accordance with federal law, as set forth in subdivision a of subsection 1 of section 4.1-03-11, has increased beyond the amount in effect on July 31, 2015, and is thereafter ineffective.

March 12, 2015

#3
3/13/15

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1238

Page 2, line 15, overstrike "submit to the commission a written"

Page 2, line 15, overstrike "for"

Page 2, line 16, after "application" insert "from the commission"

Page 2, line 16, after the period insert "The request may be made orally, in writing, or in electronic form."

Page 2, line 19, after the period insert "The application may be returned to the commission in person, by mail, or in electronic form."

Renumber accordingly