

Dear House Ag Committee Members,

Please vote “yes” on HB 1487.

Please remember, that a vote “yes” does not kill the state checkoff, it simply allows each of us to choose whether or not we support the message of the North Dakota Beef Commission. Maybe those who do support it want to give more than \$1 head. They are free to do so.

I am a fourth generation rancher and so is my wife. We raise cattle and sheep in southwestern North Dakota. We are proud to call ourselves North Dakota livestock producers. We have six children and would love for one or more of our children to have the opportunity to make a living on the ranch as we have done. We believe the ag industry is the backbone of this state and that the livestock industry, along with crop farming is the backbone of our home community. Without independent farmers and ranchers paying taxes, supporting local businesses, contributing to community functions and raising families that will go to work, our local communities will shrivel up and wither away.

We rely on the income from our calves, lambs and wool as our main source of income. We do not raise cash crops.

Mandatory country of origin labeling for beef was implemented in 2009.

In 2015, we sold the highest priced calves we have ever sold. They were worth about \$1,500 per head. Demand for USA beef was strong.

Mandatory country of origin labeling for beef was repealed in December of 2015. Our calves sold for \$1,050 in 2016, \$840 per head 2017, \$1,100 per head in 2018, \$1,000 per head in 2019 and \$1,050 per head 2020. As you can see, we have never recovered to 2014-2015 levels and it doesn't look like we will without Mandatory Country of Origin Labeling.

Why does Mandatory COOL matter? The United States is now the second largest beef importing country in the world, following closely behind China. Sadly, US producers are capable of producing more beef, but in a race to bottom, it has become a contest where the cheapest producer wins. The USDA census reports that since 2000, North Dakota cattle producers have dropped from about 13,000 to about 8,200.

In 2013, the United States imported about 2.2 billion pounds of beef; by 2020, the United States imported about 3.1 billion pounds of beef. And that was in a year when cattle feeders all over the country, including many in North Dakota, were forced to overfeed their cattle and sell them at a loss because they were denied access to cattle slaughter plants.

My wife and I are graduates of ag universities. We understand and implement modern technologies to stay efficient and competitive with our neighbors. What we can't do, however, is compete, at a price level, with Brazil, Argentina, Namibia, and other countries with lower standards of living, lower animal health standards and a lower tax burden. Until we can promote our own North Dakota, USA-born, raised and processed cattle and beef, the generic beef checkoff will not help USA cattle producers.

The National Cattlemen's Beef Association, a national organization representing packers, cattle feeders, cattle producers and others helped convince Congress to repeal Mandatory Country of Origin Labeling in 2015. Last year the ND Beef Commission voluntarily sent over \$738,000 to NCBA. There is no way of knowing how much of this money was used to fund projects and how much was used for administrative costs. Yes, they sent almost three quarters of a million dollars of North Dakota money to the organization who helped kill MCOOL and has also stood in the way of other common sense legislation that would have helped cattle producers such as more stringent enforcement of the Packers and Stockyards Act to limit control of the nation's four big meatpackers.

Please be aware that this money sent to NCBA is IN ADDITION TO the required portion of the federal checkoff dollar which is sent to NCBA's sister organization – the Cattlemen's Beef Board. North Dakota also sent about \$563,000 to that organization. To clarify – those moneys (the \$563,000 to the CBB) must be remitted based on federal law, but the \$738,000 was a totally voluntary decision of the ND Beef Commission. This NCBA committee then went on to award NCBA \$27 million in beef checkoff contracts for 2020. In 2010, this NCBA committee reported using close to 20 percent or almost \$2 million of contributed funds for implementation costs, in other words, that was NCBA's take just out of the Federation side of the funds. In 2020, the implementation costs are not clearly visible on their expense sheet, but it is clear that only about half of the funds are used for their intended purpose – promotion, research and education of beef.

Why are we paying NCBA employees in Colorado to promote and research beef when we could hire someone in our great state of North Dakota to do these very same things? Probably at a fraction of the price.

I'm sure you have heard the argument that there are firewalls that prevent NCBA from spending this money on lobbying. I'm sure you have heard the argument that the cattle market is just struggling right now because of COVID.

USDA audits have revealed multiple instances of NCBA misusing checkoff funds including paying for unauthorized posh trips for family members and many other inappropriate uses of the funds. As for the COVID argument, if you take a look at the value of my calves in recent years, you will see that the cattle market has struggled for years, due in large part to the essential monopoly the beef packers have created which is forcing vertical integration in the cattle industry.

USDA reports around 8,200 cattle producers in North Dakota. Of those producers, 0 had the option to vote on this checkoff.

Please allow us to choose where to spend our money when it comes to marketing.

- * The North Dakota state beef checkoff has not improved the cattle market.
- * The North Dakota state beef checkoff has not stimulated the North Dakota economy. Rather than hiring a North Dakota marketing expert– NCBA employees in Colorado are paid to manage promotion, marketing and more.
- * The North Dakota state beef checkoff was not voted on by the producers who pay it.
- * The North Dakota state beef checkoff has financed NCBA (the organization that lobbied to kill Mandatory Country of Origin Labeling) to the tune of millions of dollars.
- * The beef checkoff is not addressing the problems facing today's cattle ranchers.
- * To my knowledge, the North Dakota state beef checkoff has not promoted specifically North Dakota beef or funded projects to differentiate North Dakota beef from generic beef.

We have a mandatory federal beef checkoff to promote generic beef, we don't need a state checkoff to do more of the same.

A vote "yes" on HB 1487 is a vote for the future of North Dakota's cattle industry. Those who agree with the message of the North Dakota Beef Commission are welcome to support it with \$1 per head, or more if they choose.

Jeremy Stadheim