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AGRICULTURAL COMMODITY ORGANIZATIONS

This memorandum provides information on seven state Legislative Assemblies' role in determining the assessment or "**checkoff**" **rate charged and the expenditure of funds used** by the state's agricultural commodity organizations. The states are Minnesota, South Dakota, Montana, Wisconsin, Wyoming, Iowa, and Idaho. The assessment or "checkoff" rate is a fee paid by agricultural commodity producers to finance authorized activities relating to marketing and promoting the commodity. The employees of the agricultural commodity organization or the state agency responsible for marketing and promoting the commodity are advised by a grower-elected advisory committee or board of directors. In addition, many state agricultural commodity organizations operate under a **marketing order**, which is a set of policies and procedures approved by the agricultural producers for administering the agricultural commodity program.

The following is a summary for each of the seven states:

- **Minnesota** - Minnesota Century Code Section 1570-0900 provides for the grower-elected board of directors of each agricultural commodity organization to determine the "checkoff" rate to be paid by the agricultural commodity producers. The "checkoff" rate is set at a maximum level within the marketing order which is approved by referendum. The board of directors can adjust the "checkoff" rate, but the rate may not exceed the maximum level established in the marketing order without grower approval by referendum.

The Minnesota Department of Agriculture is responsible for overseeing the "checkoff" revenues. The agricultural commodity organization is required to prepare an annual estimated budget which is submitted to the Commissioner of Agriculture. The Legislative Assembly does not appropriate funding to the agricultural commodity organizations.

- **South Dakota** - Title 38 of the South Dakota Century Code provides the assessment or "checkoff" rates to be charged by each of the state agricultural commodity organizations. The Legislative Assembly is responsible for establishing and amending the rates.

The board of directors for each agricultural commodity organization is responsible for determining the use of "checkoff" revenues. An informal annual budget is presented to the Legislative Assembly; however, the budget

does not require legislative approval. The Legislative Assembly however may provide recommendations to each respective agricultural commodity organization's board of directors.

- **Montana** - Montana Century Code Section 80-11-515 provides that the Department of Agriculture, in consultation with each commodity advisory committee, is to adopt, by rule, assessments or "checkoff" rates for each agricultural commodity program. However, the wheat and barley and alfalfa seed commodity organizations have been in existence longer and the "checkoff" rates are established in statute by the Legislative Assembly.

The Montana Department of Agriculture is responsible for administration of the agricultural commodity organizations based on advice from the commodity advisory committees. Revenues received from "checkoffs" are appropriated on a continuing basis to the Department of Agriculture for authorized purposes of the agricultural commodity programs.

- **Wisconsin** - Pursuant to the Wisconsin Department of Agriculture, Trade, and Consumer Protection administrative rules, the maximum "checkoff" rates are to be established in the agricultural commodity organization's marketing order. A marketing order may provide for annual adjustments of the "checkoff" rate upon approval of the agricultural commodity organization's board of directors and the Secretary of the Department of Agriculture, Trade, and Consumer Protection, providing that the assessment does not exceed the maximum rate established in the marketing order. The marketing order may only be amended by referendum of affected producers and handlers.

The agricultural commodity organization's board of directors is responsible for managing the "checkoff" revenues, adopting an annual budget, and preparing financial statements for each fiscal year. The Department of Agriculture, Trade, and Consumer Protection is responsible for reviewing the budget for each agricultural commodity organization. The Wisconsin Legislative Assembly does not appropriate funds of the agricultural commodity organizations.

- Wyoming** - Pursuant to Wyoming Century Code Section 11-35-111, the "checkoff" rates are established in the agricultural commodity organization's marketing order. However, the section provides that the "checkoff" rates assessed by the agricultural commodity organizations may not exceed 5 percent of the gross dollar volume of sales or dollar volume of purchases or amounts handled. Any amendment to the marketing order, within the limits set by law, must be approved by referendum of affected producers and handlers.

Revenues and expenditures are administered in conformity with rules and regulations prescribed by the State Board of Agriculture and approved by the agricultural commodity organization's board of directors. The Wyoming Legislative Assembly does not appropriate funds of the agricultural commodity organizations.

- Iowa** - Title V of the Iowa Century Code provides the maximum "checkoff" rates that may be assessed by the agricultural commodity organizations. The board of directors of the agricultural commodity organizations have the authority to establish the "checkoff" rate up to the maximum amount permitted by law. A referendum of growers may be conducted once every five years to determine whether or not to continue the marketing order.

The agricultural commodity organization's board of directors is responsible for administration and use of funds. Revenues received from "checkoffs" are deposited in a special account with the Office of the State Treasurer and appropriated on a continuing basis for authorized purposes of the agricultural commodity organization.

- Idaho** - Title 22 of the Idaho Century Code provides the maximum "checkoff" rates that may be assessed by the state agricultural commodity organizations. The agricultural commodity organizations have the authority to establish the "checkoff" rate up to the maximum amount permitted by law.

Pursuant to Idaho Century Code Section 22-112, the "checkoff" revenues are appropriated on a continuing basis to the Idaho Department of Agriculture for the services and programs offered by each agricultural commodity organization. The agricultural commodity organizations are required to annually file with the House and Senate Agriculture Committees of the Legislative Assembly a report showing the annual income and expenses incurred during the previous fiscal year and a projection of anticipated expenses for the current and next fiscal years.

SUMMARY

The following is a summary of the seven states reviewed:

State	Does the Legislative Assembly Determine the Checkoff Rates?	Does the Legislative Assembly Approve Appropriations?
Minnesota	No	No
South Dakota	Yes	No
Montana	No ¹	No
Wisconsin	No	No
Wyoming	Yes ²	No
Iowa	Yes ²	No
Idaho	Yes ²	No

¹The Montana Legislative Assembly does not determine the "checkoff" rates with the exception of the wheat and barley and alfalfa seed commodity groups.

²The Legislative Assembly does not determine the "checkoff" rates but determines the maximum amount that may be assessed against producers.