

DATE: July 29, 2016
TO: Qualified State Beef Councils
FROM: Polly Ruhland, CEO, Cattlemen's Beef Promotion and Research Board
SUBJECT: Obligation to Redirect Assessments Upon Producer Request if Not Precluded by State Law

The Beef Promotion and Research Act (Act) and Beef Promotion and Research Order (Order) provide for Qualified State Beef Councils (QSBCs) to collect the national \$1-per-head beef checkoff assessment. Further, the Act and Order allow QSBCs to retain up to 50 cents per head of cattle assessed and forward the remainder to the Cattlemen's Beef Promotion and Research Board (CBB).

However, neither the Act nor the Order require producers to contribute a portion of the \$1-per-head assessment to a QSBC. While the Order does not currently contain specific language allowing producers to choose not to contribute any portion of their national assessment to a QSBC, the U.S. Department of Agriculture's Agricultural Marketing Service (AMS) is proposing to address this by adding back to the Order certain language that had unintentionally been removed. It is already AMS's policy that, in states where payments to a QSBC are not specifically required by state law, producers have the opportunity to choose to direct their full assessment to CBB. In fact, QSBCs agreed to abide by this requirement in the application they filed to be a QSBC.

Under § 1260.172(a)(3) of the Order, producers who contribute to QSBCs receive a credit from CBB for those contributions, up to 50 cents per head of cattle assessed. However, if producers request not to contribute to a QSBC—and if there is no state law specifically requiring a producer to contribute to that QSBC—then QSBCs must honor that request if the request meets documentation requirements. In that case, the QSBC should redirect the portion held by the QSBC to CBB. Any portion of the national \$1-per-head assessment may not be refunded to the producer, because the producer is obligated by the Act to pay the full \$1 assessment.

Under the proposed Order change, AMS has outlined the procedure by which producers may request that their assessments be redirected from the QSBC to CBB, including developing a form. However, even before this Order amendment is finalized, QSBCs should honor this request if not precluded by state law in accordance with current agency policy.

AMS requested that I send you this letter to clarify the requirement relating to redirection. A link to the proposed Order change is here: <https://www.gpo.gov/fdsys/pkg/FR-2016-07-15/pdf/2016-16698.pdf>. In the meantime, if you have any questions, please contact me at (303) 220-9890 or pruhland@beefboard.org.



The Beef Checkoff.

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