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### National Beef Referendum

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# NATIONAL BEEF REFERENDUM

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# National Beef Referendum

Wanda M. Leonard, assistant professor of economics  
and Extension specialist—public policy

Sometime during the spring or summer of 1977 you, as a cattle owner, will have the opportunity to register and then vote on whether or not you want a new research and promotion program for your industry.

If two-thirds of those voting say "yes," you will begin investing three-tenths of one percent of the sale price of your cattle—30 cents of each \$100—in a market development program.

If over one-third of the voters say "no," the beef industry's promotional efforts will continue just as they are today. In South Dakota, the funds devoted to promotional programs are derived from voluntary contributions.

The Cooperative Extension Service has prepared this pamphlet to help you to cast an informed vote. Extension's intent is not to persuade you to vote either "yes," or "no," but to present to you the elements that led up to passage of the Act by Congress and to the decision that will ultimately be made by you.

## History

January 1974 marked the beginning of the idea of the proposed beef promotion program. By September 1974 a committee of 15 members was selected to make up the newly formed Beef Development Taskforce (BDT). The BDT solicited counsel from leaders in the beef industry. Three regional meetings were held during October 1974. At the meetings, BDT members presented their initial ideas for the beef market development plan. The plan called for industry-wide activities in consumer education, research, promotion, and foreign market development. These activities would be funded by a uniform collection plan—whereby each producer invests according to the dollars he receives from the sale of his cattle.

The BDT officers determined that approximately \$30 to \$40 million would be needed annually for the program to be operable. The officers also concluded that a 0.3% assessment of cattle sales would raise the \$30 to \$40 million.

The beef market development plan would be administered by a 68-member National Beef Board—cattle producers appointed by the Secretary of Agriculture from nominations made by producer organizations. In addition to collecting the funds, the Board would contract with organizations to conduct the promotion, research, education and market development programs.

The proposed National Beef Board would determine how the \$30 to \$40 million would be spent within the provision of the law and subject to approval by the U.S. Secretary of Agriculture. The BDT projects that approximately 60% should be spent on promotion (consumer information, advertising, and education), 30% on research, and 10% on foreign market development.

In May 1976 the House approved the bill by a vote of 200 to 170, and the Senate concurred by a vote of 65-27. President Ford signed the Act May 28, 1976. Some members of the House opposed the Act and wanted to amend it to make 50% consumer representation on the Beef Board mandatory. This amendment failed. The Senate amendment, which also failed, requested that 25% of the Beef Board be consumers.

## Elements of the Beef Research and Information Act

**Eligible Voters.** Only cattle (beef and dairy) producers will vote in the national referendum on the beef development program. There will be only one vote per family (unless two ownership entities exist within a family, then two votes can be cast). The same applies to a corporation or partnership—one vote per producing entity.

**Not a Government Program.** A positive vote on the referendum would not create a government program or agency. However, the Secretary of Agriculture would have the authority to approve or disapprove, within provisions of the law, the contracts and programs developed by the Beef Board. The Secretary of Agriculture's responsibility would be to see that the program was run by cattle producers in the manner and for the purpose spelled out in the Act. The Beef Board would reimburse the Department of Agriculture for the costs of the initial referendum and for any future referendums pertaining to the Act.

**National Beef Board.** Each major beef area (500,000 head of cattle or more) would be entitled to a member on the National Beef Board. In addition, one additional member for each additional 2.5 million head of cattle in the area would be selected to the Board.

Members to the Beef Board would be appointed by the Secretary of Agriculture from nominations submitted by eligible producer organizations in each geographic area, with geographical boundaries determined by the proportion of cattle in each area. Geographical boundaries would be subject to review within every 5-year period to determine if cattle numbers were still at or near the original number. Currently, South Dakota would be eligible to have two members appointed to the Board. Nominations to the Board would be due within 90 days after approval of the Act. Board members would serve without compensation, but would be reimbursed for necessary and reasonable expenses incurred by them in the performance of their duties.

The Beef Board would select from among its members an executive committee to hire a staff and conduct routine business within the policies of the Beef Board.

**Collections.** Collections would be mandatory with penalties levied against violators; however, provisions would be made for refunds upon proper application.

The collection process would be a "value-added" system, that is, a system based on the value a producer adds to an animal.

Here's an example of how the value-added system would work:

A cow-calf operator sells a weaned calf to a stocker operator for \$200. Three-tenths of one percent of the value added by the cow-calf operator is deducted ( $\$200 \times .003 = \$60$ ). The \$60 is retained by the stocker operator by giving the cow-calf man a check for \$199.40.

A few months later, the stocker operator sells the calf as a yearling to a feeder for \$300. Three-tenths of one percent is deducted ( $\$300 \times .003 = \$90$ ). The feeder retains \$.90 by writing his check to the stocker operator for \$299.10. Since the stocker collected \$.60 from the cow-calf man when he bought the animal, the stocker operator himself is contributing only \$.30 or three-tenths of one percent of the \$100 value he added to the calf.

Eventually, the feeder sells the finished animal to a packer for, say \$500. The packer deducts 0.3% ( $\$500 \times .003 = \$1.50$ ) and sends \$1.50 to the Beef Board. The feeder receives the packer's check for \$498.50 ( $\$500 - \$1.50 = \$498.50$ ).

The feeder has actually invested \$.60, the stocker operator \$.30, and the cow-calf man \$.60.

Accordingly, each owner pays his share based on the value added, but only the packer sends money to the Beef Board.

The Act further provides that if no "sale" occurs at time of slaughter or transfer, a fair market value shall be attributed to the cattle for assessment purposes. The Act exempts cattle slaughtered for home use, provided the producer has been the sole owner of the cattle.

The Beef Board may exempt or adjust the assessment value on transactions of breeding animals or classes of breeding animals until time of slaughter. While the Beef Board may determine policy in this area, the Act does not specifically make this exemption.

**Refund Request.** Each person in the chain of ownership could request a refund within 60 days after the end of the month in which the assessment was withheld. The refund request would have to be made on a prescribed form and according to regulations of the Beef Board. Since the Beef Board has not as yet been formed, the regulations and procedure for refund have not been determined.

**Increased Assessments.** After a 3-year period, the assessment could be increased with approval of the U.S. Secretary of Agriculture, but under the provisions of the Act the assessment rate could not exceed five-tenths of one percent or \$.50 per \$100.

**Effect on State Beef Councils.** The national program should not interfere with any state council already in existence or any that may be formed, although refunds will be made to only one state council or organization. The national board would set aside up to 10% of the net assess-

ments from each state to be returned to the qualifying State Beef Council, beef board, or other beef promotion entity.

**Termination of Act.** Ten percent or more of the number of voters approving the original Act could request a recall referendum. The original referendum shall be terminated if the Secretary of Agriculture determined: (1) that suspension or termination was favored by a majority of the cattle producers voting in the recall referendum, (2) that this majority had been engaged in the production of cattle, and (3) that this majority had produced more than 50% of the volume of cattle produced by all cattle producers voting in the referendum. This means that larger producers would have a greater voice in the termination decision than would smaller producers.

**How to Make Your Vote Count.** You must register as a bonafide cattle owner and therefore a qualified voter to vote in the national referendum. The date and place of registration has not been determined. Watch your local newspapers for this information or contact your local ASCS office or county Extension agent.

The Act itself would become effective if at least 50% of the producers who register to vote did so and if two-thirds of those voting approved.

**NOTE:** The Act does not require that 50% of all producers register and/or vote in order to become effective. Example: Given 100 producers, 48 of whom register to vote, and 24 who do actually vote, a two-thirds majority of those voting would determine the outcome affecting all 100 producers.

For a copy of the Beef Research and Information Act, Public Law 94-294, contact your congressman, senators or the Livestock Division, Agricultural Marketing Service, U.S. Dept. of Agriculture, Washington, D.C. 20250.

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