

# SENATE BILL REPORT

## SB 5793

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As Passed Senate, March 7, 2017

**Title:** An act relating to an assessment on cattle.

**Brief Description:** Concerning an assessment on cattle.

**Sponsors:** Senators Warnick and Chase.

**Brief History:**

**Committee Activity:** Agriculture, Water, Trade & Economic Development: 2/14/17, 2/16/17 [DP, DNP].

**Floor Activity:**

Passed Senate: 3/07/17, 30-19.

**Brief Summary of Bill**

- Makes changes to the per head assessment on Washington cattle that is sold either in-state or out-of-state.
- Requires the Washington State Beef Commission to report to the Legislature by January 1st of each year on the amount collected, the amount spent, and the purposes for which the funds were used.

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### SENATE COMMITTEE ON AGRICULTURE, WATER, TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** Do pass.

Signed by Senators Warnick, Chair; Hawkins, Vice Chair; Brown, Honeyford, Pearson and Takko.

**Minority Report:** Do not pass.

Signed by Senators Chase, Ranking Minority Member; Wellman, Assistant Ranking Minority Member; McCoy, Short and Van De Wege.

**Staff:** Karen Epps (786-7424)

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Background:** The Washington State Beef Commission (Beef Commission) was created by the Washington State Legislature in 1969. The Beef Commission must provide for programs designed to:

- increase the consumption of beef;
- develop more efficient methods for the production, processing, handling and marketing of beef;
- eliminate transportation rate inequalities on feed grains and supplements and other production supplies adversely affecting Washington producers; and
- properly identify beef and beef products for consumers as to quality and origin.

The Beef Commission is governed by a Board of Directors comprised of:

- two beef producers;
- two dairy (beef) producers;
- two feeders;
- one livestock sales yard operator;
- one meat packer; and
- the Director of the Washington State Department of Agriculture (Director).

Members are appointed by the Director and must be over 25 years of age and have been engaged in the phase of the cattle industry they represent for at least five years.

An assessment of \$1 per head on all Washington cattle sold in this state or elsewhere provides funding for the Beef Commission. In addition to this assessment, the Beef Commission has the authority to collect an additional assessment of \$0.50 per head for cattle for the purpose of providing funds for a national beef promotion and research program.

Green tags are assigned to Grade A dairy cattle that are leaving the dairy business and entering the human food chain. The green tag is affixed to the calf's ear.

**Summary of Bill:** The \$1 assessment that funds the Beef Commission's activities is raised to \$2 for all Washington cattle to be sold in-state or out-of-state, except those identified with a green tag. One dollar of the \$2 assessment may not be collected at the first point of sale of a calf with a green tag.

The Beef Commission must report to the Legislature by January 1st of each year. The report must account for all funds collected by the \$2 per head assessment. This accounting must include the amount collected, the amount spent, and the purposes for which the funds were used.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This bill is designed to help the beef industry survive in the state of Washington. The number of beef in the state and in the nation rises and falls. A recent report from WSU showed that while the supply is high, the demand for beef has decreased. This bill will allow the Beef Commission to do more work to promote the beef industry. The beef check-off program is needed and the increase is critical because \$1 does not buy today what it bought before. The increased revenue is needed for education, promotion, and research to provide a wholesome and healthy product for the consumer. It is essential that the beef community has someone to tell its story. It is very easy to get information from experts in the beef community. It is not easy to have access to a professional marketing team as an individual rancher. The cost to producers to double the promotional budget for the beef check-off is a drop in the bucket. Increasing the assessment is essential to the ability to expand markets and to continue to flourish.

CON: Commodity commissions are valuable tools that should be embraced by the commodity producers. The commodity commission has a responsibility to be accountable to the producers. There is a breakdown in that accountability process in this instance. If this bill went to a vote of the folks who pay the assessment, there are some folks who believe it would not be supported by a majority of the producers.

**Persons Testifying:** PRO: Senator Judy Warnick, Prime Sponsor; Brad Cameron, Neil Kayser, and Mark Streuli, WA Cattlemen's Assoc.; Jack Field, WA Cattle Feeders Assoc.; Tyler Cox, citizen; Bill Sieverkropp, citizen; Jay Gordon, WA State Dairy Federation.

CON: Scott Nielsen, Cattle Producers of WA.

**Persons Signed In To Testify But Not Testifying:** PRO: Sam Ledgerwood, Dick Coon, Kevin Cernut, Kyler Beard, Amber Charlton, and Scott Gress, WA Cattlemen's Assoc.