

SENATE BILL REPORT

SHB 2712

As of February 28, 2020

Title: An act relating to requiring retailers to indicate the country of origin on beef sold to the public.

Brief Description: Requiring retailers to indicate the country of origin on beef sold to the public.

Sponsors: House Committee on Rural Development, Agriculture, & Natural Resources (originally sponsored by Representatives Kretz, Riccelli, Maycumber, Lekanoff, Mosbrucker, Chopp, Walsh, Chapman, Harris, Blake, Dent, Pettigrew, Rude, Springer, Steele, Appleton, Caldier, Fitzgibbon, Leavitt, Eslick, Volz, Van Werven, Shea, Cody, Tharinger, Robinson, Young and Ormsby).

Brief History: Passed House: 2/18/20, 92-6.

Committee Activity: Agriculture, Water, Natural Resources & Parks: 2/28/20 [DPA-WM, w/oRec, DNP].

Ways & Means: 3/02/20.

Brief Summary of Amended Bill

- Specifies that retailers of Washington State beef must make an effort to display information to designate beef as either "U.S.A. beef" or "imported" if the retailer receives appropriate signage.

SENATE COMMITTEE ON AGRICULTURE, WATER, NATURAL RESOURCES & PARKS

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.
Signed by Senators Van De Wege, Chair; Warnick, Ranking Member; Rolfes and Short.

Minority Report: That it be referred without recommendation.
Signed by Senators Salomon, Vice Chair; Honeyford.

Minority Report: Do not pass.
Signed by Senator McCoy.

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.

Staff: Karen Epps (786-7424)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Jed Herman (786-7346)

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 Farm Security and Rural Investment Act of 2002 amended the Agricultural Marketing Act of 1946 to require that retailers provide country of origin labeling (COOL) for ground and muscle cuts of beef, lamb, and pork, as well as farm-raised fish, wild fish, shellfish, perishable agricultural commodities, and peanuts. The list of covered food items was expanded in the Food, Conservation, and Energy Act of 2008 to include chicken, ginseng, pecans, and macadamia nuts. In 2016, Congress passed an appropriations bill that modified the products covered so that COOL laws no longer apply to muscle cuts of beef or pork, ground beef, and ground pork.

Stores and other businesses offering fresh fruit and vegetables for retail sale must place a placard on the bin, shelf or other location where the product is displayed that informs the consumer if it was either grown in the United States or grown in Washington. Placards are not required for fruits or vegetables grown outside of the United States or if the individual items have stickers or labels on them that indicate where the product was grown.

Summary of Amended Bill: A retailer who sells beef or offers beef for sale must make an effort to display information that is clearly visible and readily viewable by the public and placed in the immediate vicinity to designate and display the beef as "U.S.A. beef" if the beef is derived exclusively from animals that are:

- born, raised, and slaughtered in the United States; or
- born, raised, transported for not more than 60 days outside the United States, and slaughtered in the United States.

The retailer is only required to comply with the signage requirement if the retailer receives the Washington beef with appropriate signage. The Washington State Department of Agriculture may adopt rules as necessary.

EFFECT OF AGRICULTURE, WATER, NATURAL RESOURCES & PARKS COMMITTEE AMENDMENT(S):

- Removes the requirement that a retailer who sells beef must make an effort to display information to designate beef as "imported."

- Amends the title to be "authorizing retailers to display information to designate beef as "U.S.A. beef" if the beef meets certain requirements and is accompanied by signage."

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 on Substitute House Bill (Agriculture, Water, Natural Resources & Parks): *The committee recommended a different version of the bill than what was heard.* PRO: The bill is designed to address a situation in the beef market in which beef comes into the United States, is packaged at a USDA facility, and then given a USDA stamp. Some of that beef is of lower quality. It does not serve the customers well. Folks are interested in where their food comes from. This bill is an attempt to put more truth in labeling.

CON: The federal meat inspection agency has very clear and explicit guidelines in terms of labeling. Federal labeling laws would preempt state laws. The bill is voluntary now but under the federal meat inspection and labeling guidelines, packers and retailers can make regional claims on products if there is a market value or demand by consumers that would warrant such expense. Washington packers are dependent on Canadian cattle and it would be challenging to segregate Washington cows from Canadian cows. Other agricultural products were subject to retaliatory tariffs over COOL at the federal level. There are concerns about this bill being challenged under USMCA. The cattle industry in the US works very closely with the cattle industry in Canada. There are current programs that provide claims associated with the label and that process works because the consumer is looking for those labels. The bill is unnecessary. Some companies have already gone through the expense of getting specific labels approved. There are concerns about retaliatory tariffs. There is concern about the limitation of 60 days that the animal is outside the U.S.

OTHER: Country of origin labeling in the past has resulted in \$1 billion of retaliatory tariffs. The amendments in the House make the bill more voluntary in nature. The USMCA agreement has become a central focus and this bill could be problematic. USMCA is critical to agriculture. It is critically important for Washington to be good partners with Canada and Mexico. Changing the title of this bill is important because the title on its face is similar to what raised WTO concerns. Removing the placarding of imports will also help as that could be considered a trade distorting statement. When dealing in a federal field, it is preferable to let the federal government handle things because it is confusing for processors, consumers, and regulators.

Persons Testifying (Agriculture, Water, Natural Resources & Parks): PRO: Representative Joel Kretz, Prime Sponsor.

CON: Jim Jesernig, Washington Potato Commission, Washington Potato and Onion

Association, Washington Grain Commission; Brad McDowell, citizen; Jack Field, Washington Cattle Feeders Association; Jared Easterday, Washington Cattle Feeders Association; Camas Uebelacker, Washington Cattle Association; Brad McDowell, President, Washington Beef.

OTHER: Mark Streuli, Washington Cattlemen's Association, Evan Sheffels, WSDA.

Persons Signed In To Testify But Not Testifying (Agriculture, Water, Natural Resources & Parks): No one.

Staff Summary of Public Testimony on Bill as Amended by Agriculture, Water, Natural Resources & Parks (Ways & Means): PRO: There is a need to provide truth in labeling. This bill is a modest proposal to provide labeling. This proposal was in effect for many years. Constituents want to bring it back as they want to know the location and origin of their products.

CON: Canadian Parliament is planning to ratify USMCA and it is important to not have this bill impact the ratification. This bill is concerning, and it is important to reassure our Canadian and Mexican neighbors. Washington State only produces about 200,000 head of cattle and the processing facility processes about 1,000,000 head of cattle, and those cows come from different regions which would make it hard to segregate the product. USMCA is very important to the agriculture industry. This bill is an unnecessary impediment to getting the USMCA approved in Canada. Under the federal COOL provisions, the potato industry was the recipient of 25 percent of the retaliatory tariffs.

OTHER: This bill is a voluntary labeling proposal. The federal law led to \$1 billion in retaliatory tariffs. Canada and Mexico have concerns about this bill.

Persons Testifying (Ways & Means): PRO: Representative Joel Kretz, Prime Sponsor.

CON: Jim Jesernig, Washington State Potato Commission, Washington Potato and Onion Association, Washington Grain Commission; Evan Sheffels, Washington State Department of Agriculture; Paul Berendt, Agribef.

OTHER: Mark Streuli, Washington Cattlemen's Association.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.