

SENATE BILL REPORT

SB 5150

As Reported by Senate Committee On:
Agriculture, Water, Natural Resources & Parks, January 26, 2023

Title: An act relating to the beef commission's levied assessment.

Brief Description: Concerning the beef commission's levied assessment.

Sponsors: Senator Shewmake.

Brief History:

Committee Activity: Agriculture, Water, Natural Resources & Parks: 1/19/23, 1/26/23
[DPS, DNP, w/oRec].

Brief Summary of First Substitute Bill

- Increases the state portion of the beef checkoff fee from \$1 to \$2.50.
- Exempts \$1.50 of the \$2.50 state portion from being applied at the first point of sale for green tag calves.
- Requires the commission to hold meetings in different geographic regions of the state.

SENATE COMMITTEE ON AGRICULTURE, WATER, NATURAL RESOURCES & PARKS

Majority Report: That Substitute Senate Bill No. 5150 be substituted therefor, and the substitute bill do pass.

Signed by Senators Van De Wege, Chair; Salomon, Vice Chair; Rolfes, Shewmake, Stanford and Wagoner.

Minority Report: Do not pass.

Signed by Senators Muzzall, Ranking Member; Short.

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

Minority Report: That it be referred without recommendation.

Signed by Senator Warnick.

Staff: Delika Steele (786-7486)

Background: The Washington State Beef Commission (commission) was created by statute in 1969. It is composed of two beef producers, two dairy-beef producers, two feeders, one livestock saleyard operator, one meat packer, and a representative of the Department of Agriculture, who is a voting member.

A state assessment of \$1 per head of Washington cattle is levied at the sale of the cattle for the commission. The commission may collect an additional assessments of \$0.50 per head for cattle subject to assessment under a federal order for providing funds for a national beef promotion and research program.

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

The commission holds regular meetings quarterly, and holds an annual meeting where the budget is proposed for discussion. Public notice of the annual meeting must be given at least ten days before the meeting is held.

Summary of Bill (First Substitute): The commission's per head assessment is increased from \$1 to \$2.50 on all sales of Washington cattle, with the overall beef checkoff fee increasing to \$3.00. The \$1.50 increase will go to Washington State with the \$0.50 fee to the federal government remaining the same. At the first point of sale for a green tag calf, \$1.50 of the \$2.50 assessment may not be collected.

The commission must submit to a report to the Legislature describing the commission's activities and expenditures by January 1st of each year. The commission must also hold board meetings in different geographic regions of the state throughout the year, with at least two meetings held east of the crest of the Cascade mountains.

EFFECT OF CHANGES MADE BY AGRICULTURE, WATER, NATURAL RESOURCES & PARKS COMMITTEE (First Substitute):

- Requires the commission to hold board meetings in different geographic regions of the state throughout the year, with at least two meetings held east of the crest of the Cascade mountains.

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 Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: The current one-dollar check-off doesn't have the buying power that it did 22 years ago and buying power is shrinking because of inflation. A fee increase would be better for Washingtonians and businesses. The fee increase would be a good return on investment because for every dollar spent, about \$12 dollars goes back to the industry. An increase would not break the bottom line and would allow the commission to bolster advertising and consumer education, and do more to tell the story of producers. The checkoff program is currently delivering on its mission but needs more money to keep up with current trends. A majority of stakeholders surveyed support the fee increase, with some willing to increase the fee by \$3.50 for an overall fee of \$5.

A onetime fee for the sale of dairy animals is not supported. The idea of an animal changing hands is already considered in the current beef checkoff fee. A brand inspection fee is collected every time an animal is sold and it would be the same thing for the beef checkoff fee.

An equivalent fee is paid for cattle at the border and an additional \$1.50 once in the state.

CON: The increase is not supported primarily because of uncollected revenue. Cattle imported and sold at auctions and slaughter far exceed the assessments currently collected. Removing collection points from sale barns to a single location where you could collect one time and to points of imports would be supported.

Persons Testifying: PRO: Senator Sharon Shewmake, Prime Sponsor; Jay Theiler, Washington Beef; Jack Field, Executive Director, Washington Cattle Feeders Association; Jack Field, self; Kallie Harder, Washington Farm Bureau - Young Farmers and Ranchers Committee; Dan Wood, WA State Dairy Federation; Jennifer Colvin, Colvin Ranch; Fred Colvin; Mark Streuli, Washington Cattlemen's Association; Jeff Keane, President, Washington State Cattlemen; Mike Hajny, Member, Kittitas County Cattlemen; Bill Sieverkropp, Member, Grant County Cattlemen.

CON: Nate Hair, CPoW.

Persons Signed In To Testify But Not Testifying: No one.