

SENATE BILL REPORT

2ESSB 5150

As Passed Senate, January 17, 2024

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

Brief Description: Concerning the beef commission.

Sponsors: Senate Committee on Agriculture, Water, Natural Resources & Parks (originally sponsored by Senator Shewmake).

Brief History:

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

Floor Activity: Passed Senate: 3/2/23, 37-12; 1/17/24, 33-15.

Brief Summary of Second Engrossed First Substitute Bill

- Increases the Beef Commission's (Commission) levied assessment, beginning July 1, 2024, from \$1 to \$1.50, to \$2.00 beginning January 1, 2025, and to \$2.50 beginning January 1, 2026, with a portion not collected at the first point of sale for calves identified with green tags.
- Allows a producer or owner of cattle to request a refund of not more than \$.50 per head, beginning July 1, 2024, not more than \$1.00 per head, beginning January 1, 2025, and not more than \$1.50 per head beginning January 1, 2026.
- Requires the Commission to fund, conduct, or otherwise participate in scientific research related to beef.

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.

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.

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.

Minority Report: That it be referred without recommendation.

Signed by Senator Warnick.

Staff: Karen Epps (786-7424)

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 (WSDA), who is a voting member.

The Commission is funded by an assessment of \$1 per head of Washington cattle, levied at the time of sale. 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.

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 provided at least ten days before the meeting is held.

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. Calves identified with green tags are generally exempt from livestock inspection requirements at the first point of sale so long as certain requirements are met and the calves are not being sold or transported outside of Washington.

Summary of Second Engrossed First Substitute Bill: . Beginning July 1, 2024, the Commission's levied assessment increases from \$1 to \$1.50, with \$.50 not collected at the first point of sale for calves identified with green tags. The Commission's levied assessment increases to \$2.00, with \$1.00 not collected at the first point of sale for calves identified with green tags, beginning January 1, 2025. Beginning, January 1, 2026, the Commission's levied assessment increases to \$2.50, with \$1.50 not collected at the first point of sale for calves identified with green tags. Fees may be collected by the Livestock Identification Program of WSDA rather than the Livestock Services Division of the WSDA.

A producer or owner of cattle from whom an assessment is collected may request a refund of not more than \$.50 per head beginning July 1, 2024, not more than \$1.00 per head beginning January 1, 2025, and not more than \$1.50 per head beginning January 1, 2026. The Commission must process requested refunds on a quarterly basis.

The Commission must submit to a report to the Legislature by January 1st of each year that provides an accounting of funds collected, funds spent, and the purposes for which the funds were used in the previous 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.

The Commission may fund, conduct, or otherwise participate in scientific research related to beef including improving production, quality, transportation, processing, distribution, and environmental stewardship.

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.