

Common Questions About the Beef Checkoff: Who Pays?

Over the past few years we have received many questions about how the Beef Checkoff functions. Some questions focus on who does and does not pay and who should and should not pay. There also exists considerable misinformation about these subjects so this document will provide clarity.

What are the basics of Beef Checkoff Collections? In Washington State, the \$1.50 Beef Checkoff assessment is due every time a domesticated bovine animal is sold no matter the age or breed of the animal. This assessment is authorized by both state and federal law at the request of beef producers to fund programs to increase demand for beef and to protect and defend modern beef production. It is a producer program created by producers, for producers which is why everyone who benefits pays their fair share. **The assessment is \$1.50 per head if you own one animal or 30,000.**

Do Importers Pay the Beef Checkoff? YES. There are two points when the Beef Checkoff is assessed on imported cattle.

1. **When cattle enter the United States**, the US Custom Service automatically collects the federal \$1 per head Beef Checkoff on all cattle. This assessment is directly remitted to the Cattlemen's Beef Board (CBB) where it is used to conduct national beef promotion and research programs throughout the country, the world and in Washington State.
2. The Beef Checkoff is also collected by US Customs on all **imported boxed beef**. The beef is assessed based on a formula of the live cattle equivalent set by the USDA. The current assessment is \$1 per 592 pounds of carcass weight or equivalent assessment of per pound of beef cuts. Again, this money is sent directly to the CBB to fund national level programs.
3. **In Washington State** – When those same imported cattle change ownership in Washington State, most often when the value is determined on the rail, the Washington State Beef Commission collects an additional \$1.50. In fact, most imported cattle are assessed \$2.50 per head -- \$1 at import and \$1.50 at harvest. **Assessments collected on imported cattle typically represent about 10% of the Washington State Beef Commission's budget.**

What about cattle purchased in Canada? If, and when these cattle enter the United States, YES, otherwise no. The Beef Checkoff is based on the laws of the United States, so when a producer or packer purchases cattle in Canada, at an auction market for instance, our laws do not apply. But remember, those cattle are assessed at the border by the US Customs Service upon entry into the United States.

Who Collects the Beef Checkoff in Washington State? The Beef Checkoff is collected by packers, livestock auctions and the Washington State Department of Agriculture's Livestock Identification (Brand) program for private treaty sales among feeders, dealers and individual producers.

Are There Any Exemptions? YES. There are two exemptions that require the proper forms to be remitted at the time of sale to document the exemption.

1. **Certification of Non-Producer Status** – This exemption is used only when the purchaser certifies upon resale they are facilitating the transfer or sale of cattle to a third party **within ten days** from the date of purchase and that checkoff dollars due from the previous owner have been collected.

2. Certified Organic Exemption – Certified organic producers may request exemption from commodity checkoff programs by applying to the national board for an exemption. If the exemption is approved, then the producer must submit an organic exemption certificate each time they sell cattle.

Do packers pay the Beef Checkoff? Typically, packers are not producers and serve as collecting points for the Beef Checkoff. However, **if a packer owns cattle for more than ten days**, they become producers and are required to pay the Beef Checkoff when they harvest cattle of their own production with the intent of selling the beef. Both State and Federal laws address this issue.

- **RCW 16.63.123 - Transfer of cattle by meat packer as sale.**
"The transfer of cattle owned by a meat packer from a feedlot to a slaughterhouse for slaughter shall be deemed a sale of such cattle for the purpose of chapter 16.67 RCW. Such packer shall pay directly to the Beef Commission the same assessment as required of all other cattle owners selling cattle."
- **Federal Beef Promotion Act §1260.172 Assessments.** ... "(2) Any producer marketing cattle of that producer's own production in the form of beef or beef products to consumers, either directly or through retail or wholesale outlets, or for export purposes, shall remit to a qualified State beef council or to the Board an assessment on such cattle at the rate of one dollar (\$1) per head of cattle or the equivalent thereof."

Is the Beef Checkoff Due on Locker Beef that I Sell to My Neighbor Right off the Ranch? YES. See above.

What is the State of Origin Rule? When cattle reside in a state for fewer than thirty days before changing ownership, (think slaughter cattle) the assessment collected must be forwarded to the Beef Council/Commission in the state of origin. If the cattle originating from another state reside in Washington for more than 30 days, we have added value in Washington and the Washington State Beef Commission retains the assessment.

In many cases, the Beef Checkoff assessment is collected by the brand inspectors in the region before leaving the state of origin (such as Oregon and Idaho). In this case, they must present proof (a brand inspection slip) verifying the assessment has already been collected. If they do not, the collecting point in Washington must collect the full \$1.50. **The rule of thumb -- collect \$1.50 or a document!**

Is the \$1.50 Beef Checkoff Assessment collected when Cattle are Custom Slaughtered by a Packer? Not if there has been no change of ownership and the owner simply pays a fee for services to the packer. Remember, the assessment is based on the sale of cattle -- an actual change of ownership must occur. However, they are likely producers selling cattle of their own production and therefore the Beef Checkoff assessment is due in their state of origin.

Who Ensures That My Checkoff is Invested Wisely? The Washington State Beef Commission Board of Directors has the fiduciary responsibility to oversee the Beef Checkoff in Washington State. The board is nominated by industry organizations and appointed by the Director of Agriculture. Current Commissioners include:

Liz Para, Cattle Feeder, Othello – Chair
Kale McGuinness, Livestock Auction - Vice Chair
Case VanderMeulen, Dairy Farmer, Mesa - Treasurer
Will Derting, Cattle Feeder, Ephrata
Eddie Avila, Dairy Farmer, Moses Lake
Craig Vejraska, Cow/Calf Producer, Okanogan

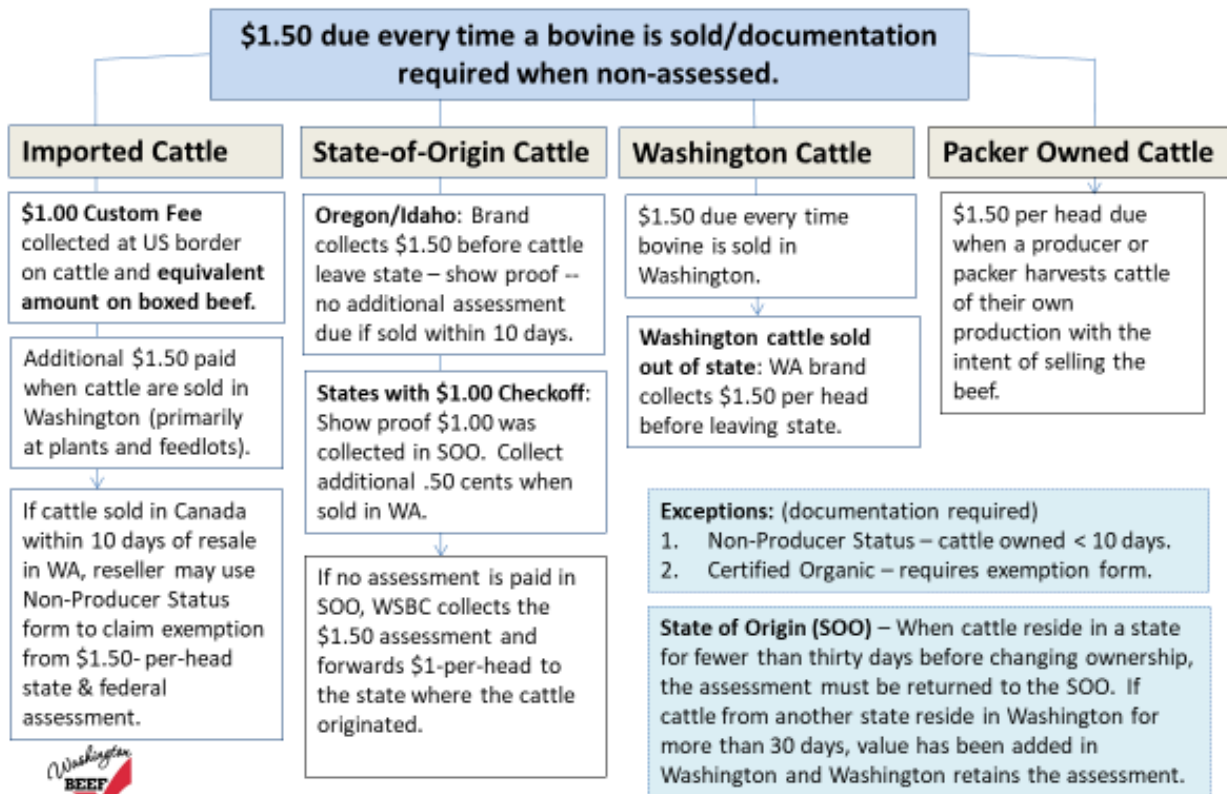
Sid Viebrock, Cow/Calf Producer, Waterville
Dave Stiner, Packer, Toppenish
Dr. Brian Joseph, Washington State Department of Agriculture
Bill McLean, Ex-officio Beef Board Representative, Coulee City

What is the Role of the Department of Agriculture?

The Director of Agriculture has a voting representative on the Beef Commission and the Commission is required to submit a marketing plan and budget for the Director's review prior to the launch of the fiscal year. The Beef Commission board approves all programs and budgets and conducts a financial audit annually. The Beef Commission is also subject to regular audits by the State of Washington and Cattlemen's Beef Board. The CBB also requires the budget and marketing plan be reviewed and the annual financial audit be submitted each year.

If you have questions about how and when the beef checkoff is due, please reach out to any board member or contact Patti Brumbach at 206.444.2902 or pbrumbach@wabeef.org. Follow our activities targeting millennial consumers on social media at www.wabeef.org and [Facebook.com/WABeef](https://www.facebook.com/WABeef).

Checkoff Assessments in Washington



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2015-16 Revenue by Sector in Washington

