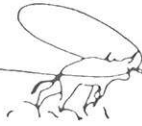
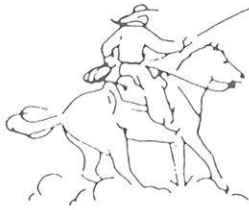


North Dakota



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Dec. 10, 2014

The Honorable Thomas J. Vilsack
U.S. Secretary of Agriculture
U.S. Department of Agriculture
Room 2096-S, STOP 0249
1400 Independence Ave. SW
Washington, DC 20250-0249

RE: Docket No. AMS-LPS-14-0081: Beef Promotion, Research and Information Program

Dear Secretary Vilsack:

The North Dakota Stockmen's Association is an 85-year-old trade organization representing nearly 3,000 cattlemen and cattlemen in North Dakota.

We respectfully submit the following comments on the Nov. 10, 2014, Notice of Inquiry: Request for Comments on a New Beef Promotion, Research and Information Order.

While we appreciate your interest in producers' beef promotion, research and information program and your recognition of the need to enhance the assessment rate to more adequately fund our industry's demand-building objectives, we do not support the development of a duplicative national beef checkoff under the Commodity Promotion, Research and Information Act of 1996. In our view, such a move would shift the national beef checkoff from a producer-centric to a federal government-centric program; diminish grassroots involvement in checkoff investment decision-making; create inefficiencies; and add confusion.

In September, North Dakota Stockmen's Association members adopted a Beef Checkoff Program resolution that underscores the successes of the existing beef checkoff in growing beef demand. It also stresses our organization's opposition to "any changes to the beef checkoff program that would significantly alter the management of it, politicize the program and/or strip or limit the grassroots checkoff-investment decision-making authority of state beef councils." The implementation of a secondary checkoff under the 1996 act could very well do just that.

North Dakota beef producers were among those who helped craft the Beef Promotion and Research Act of 1985, which provides the foundation for the checkoff that has served our industry well and, according to independent research, enjoys a 78 percent approval rating and posts an \$11.20 return for each dollar invested. It was important then as it is today that the beef checkoff be fair, efficient and grassroots-driven and that all responsible for producing beef pay the assessment. Those tenets are already reflected in our current beef checkoff program.

Therefore, it is unnecessary and ill-advised to develop a secondary beef checkoff program that could veer away from these essential principles. For these reasons and those that follow, the North Dakota Stockmen's Association urges you to reconsider your proposal for a new order under the 1996 Commodity Act.

1) Who should be assessed?

We believe that all those who are responsible for producing beef should pay the beef checkoff, including importers, because everyone benefits from the program. The 1985 act provides for that universal assessment, with beef importers required to pay the equivalent of \$1 per head (the current checkoff rate).

2) What should be the board structure?

We support the idea of including those who have a financial stake in the beef checkoff program – those who pay the assessment. The current system allows the U.S. Secretary of Agriculture to appoint representatives from the nominations contributed by eligible state livestock and farm organizations, which allows state-level input and grassroots involvement in the process. The North Dakota Stockmen's Association is among the state cattlemen's associations and state general farm organizations that are certified to submit nominations. The current system describes the board makeup to assure appropriate geographical representation and inclusiveness.

3) How should the board be selected?

The current system spelled out under the 1985 act provides for a fair and efficient method to select board members utilizing the grassroots input of certified state livestock and general farm organizations. This process helps ensure that board members rise from the grassroots, and this gives checkoff payers additional comfort knowing that their beef industry peers are those who are making checkoff investment decisions with the money they contributed.

4) What should be the powers and duties of the board?

Today, the board's role is to assure that the beef checkoff program complies with the law and to promote a coordinated state-national partnership in the collection and administration of checkoff funds. This has proven effective.

5) Who has decision-making authority?

In developing the current beef checkoff program, it was important to the industry that beef producers, not the government, direct the program and make decisions about it. The role of the government is in providing oversight to ensure that the program complies with the law. The current governance structure is viable and working as is.

6) How should the assessment rate be determined?

While there would be merits to an assessment based on value, that would be difficult to administer, confusing to producers and inconsistent as the market fluctuated. That's why the current per-head flat assessment has been utilized and successful since the existing program's inception. A mandatory, non-refundable beef checkoff assessment change should be preceded by an affirmative producer referendum before it is collected. It is our understanding that that would not necessarily be the case if a checkoff was developed under the 1996 act and that producers could be required to pay a changed assessment rate for up to three years before having the opportunity to weigh in on it through a producer vote.

- 7) How should assessments be collected?
State beef councils (in North Dakota's instance, the North Dakota Beef Commission) are defined in the 1985 act with specific responsibilities related to the collection and administration of checkoff funds. These state beef councils have specific and effective collection procedures already in place and help provide assurance that there is grassroots involvement and direction in the beef checkoff program. Adding another checkoff program and/or a different collection agency or mechanism would create inefficiencies and increased bureaucracy that producers would not support.
- 8) When should the referenda be conducted?
The current program provides referendum opportunities whenever a 10 percent signature threshold of producers calling for a referendum is attained. The North Dakota Stockmen's Association also has policy supporting the right of producers to petition at regular-time intervals for a referendum on continuing the beef checkoff program, similar to what has been referred to as the "soybean model." Under this scenario, producers would have the opportunity to sign a petition at their local Farm Service Agency office, for instance, on a specified schedule. If 10 percent of producers nationwide signed the petition, a referendum would be triggered.

As you know, national beef industry organizations have been working together for the past three years as part of the Beef Checkoff Enhancement Working Group to explore ways to enhance the existing beef checkoff to address the program's shrinking resources caused by low cattle numbers and inflation. Among the group's successes was recognizing the value of and effectively championing a change that expanded checkoff contracting eligibility to more entities. While there is still work to do, the group is committed to continuing to work together to find an approach to enhance the beef checkoff under the existing program that is supported by the majority of beef producers. We urge you to allow the working group to finish its work and to abandon your proposal to create a duplicative program under the 1996 act.

Sincerely,



Steve Brooks
President
North Dakota Stockmen's Association