

Re-Visiting the Beef Checkoff

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Research indicates that as many as four out of ten producers know little about the \$1-per-head beef checkoff program. The Beef Checkoff was established as part of the 1985 Farm Bill. The checkoff assesses \$1 per head on the sale of live domestic and imported cattle, in addition to a comparable assessment on imported beef and beef products. States retain up to 50 cents on the dollar and forward the other 50 cents per head to the Cattlemen's Beef Promotion and Research Board, which administers the national checkoff program, subject to USDA approval.

Ours is a diverse and complex industry, but it's never been more important for us to understand how to bring various segments together for a common cause. Today that shared purpose is building demand for beef by addressing the specific needs of our changing consumer target. The beef checkoff is the one industry-controlled program seeking to build markets, promote beef's essential role in the diet and deal with dramatic changes in how the product needs to be presented to the consumer.

What is the beef checkoff? The Beef Checkoff Program is a producer-funded marketing and research program designed to increase domestic and/or international demand for beef. This can be done through promotion, research and new product development, and a variety of other marketing tools. The Cattlemen's Beef Board and USDA oversee the collection and spending of checkoff funds at the state and national levels.

How can beef checkoff dollars be used? As mandated by law, checkoff dollars must be invested in programs to increase consumer demand for beef and create opportunities to enhance producer profitability. The Beef Act defines six program categories for which checkoff dollars may be spent: promotion, research, consumer information, industry information, foreign marketing and producer communications.

When do I need to pay my dollar? By law, all producers selling cattle or calves, for any reason and regardless of age or sex, must pay \$1 per head to support the Beef Checkoff Program. The buyer generally is responsible for collecting \$1 per head from the seller, but both are responsible for seeing that the dollar is collected and paid. These transactions include:

Private Treaty- Private Treaty Sales involve one producer selling cattle to another producer where there is no designated collecting person (e.g. order buyer, dealer, or auction market) involved in the transaction. There is a Private Treaty Form on the IBCA website that should be completed and sent with your remittance.

Selling cattle to your neighbor- yes, the \$1 head is supposed to be checked off. The national Beef Promotion and Research Order under which the checkoff program operates requires that the \$1 be remitted on *all* sales of cattle regardless of age, sex, breed or purpose.

Cattle sold for freezer trade- if you market cattle (of your own production) in the form of freezer beef or beef products to consumers either directly, through retail or wholesale outlets, you are required to remit an assessment of \$1 per head of cattle. Cattle and calves slaughtered for personal consumption by the producer and his or her family are not assessed.

Who pays the \$1/head, the buyer or seller? The \$1 is deducted from the selling price of the animal. Both the buyer and seller are responsible for remittance. Unlike auction outlet sales

where the buyer is the collecting person and remits the \$1, in private treaty sales it is generally the seller who deducts and remits the \$1 because it simplifies the transaction and helps assure compliance with the Beef Promotion and Research Order. New producers or buyers of freezer beef may be unfamiliar with the process of remitting checkoff funds.

Where do I send the money? In Indiana, the checkoff assessment should be sent to the Indiana Beef Council. Collections are sent directly to a lockbox managed by Old National Bank in Indianapolis. The mailing address is on the Checkoff Remittance and Private Treaty forms.

Paying the Beef Checkoff is mandatory by federal law. Persons in non-compliance with the Act and Order are subject to a civil penalty of up to \$7,500 per transaction, plus unremitted checkoff dollars and interest.

Producers' attitudes toward the beef checkoff program are quite favorable and have improved noticeably in the past year, an independent national survey of 1,200 producers has found. Currently about three in four approve of the program, a five-point positive shift in the past 12 months. There has only been one other time in the 30 years of checkoff history, where approval levels have increased by this amount in a one-year period. The last time approval levels were this high was in 1994.