

FAQs

Amendments to Allow Redirection of Beef and Soybean Checkoff Assessments from a State Board or Council to the National Program

1. What does redirection mean?

Redirection means transferring checkoff assessments collected and retained by a State council or board to the national board. For example, a cattle producer could request that a Qualified State Beef Council (QSBC) redirect the portion of the producer's assessment that would normally be retained by the QSBC to the Cattlemen's Beef Board (CBB). Likewise, a soybean producer could request that a Qualified State Soybean Board (QSSB) redirect the portion of the producer's assessment that would normally be retained by the QSSB to the United Soybean Board (USB).

The proposed rule AMS published would add provisions to both the Soybean Promotion, Research, and Consumer Information Order and the Beef Promotion and Research Order that would allow producers, under certain circumstances, request that their assessments paid to a qualified State board or council recognized under each Order be redirected to the national program.

2. Why is it necessary?

The Beef Promotion and Research Act of 1985 (Beef Act) and the Soybean Promotion, Research and Consumer Information Act (Soybean Act) and the Orders issued thereunder authorize the collection of assessments from cattle and soybean producers, respectively. In most cases, these assessments are collected and remitted by State councils or boards—either QSBCs or QSSBs—and can retain a portion of the assessments as authorized by the legislation. The QSBCs or QSSBs forward the remainder to CBB or USB, which administer the national beef and soybean checkoff programs, respectively.

3. Are all producers eligible to request redirection?

No. QSBCs and QSSBs operate under a variety of frameworks. For producers to be able to request that their assessments be redirected from the State organization to the national program, they must be in a State meeting one of the two circumstances:

- There is no State law allowing assessments to a State board or council; or
- There is a State law allowing assessments, but the State law also allows for refunds.

Producers in states with a state law that does not allow for refunds would not be able to request redirection.

4. How would cattle or soybean producers know whether they can request that their assessments be redirected to the national program?

AMS has identified, to the best of its knowledge, whether cattle and soybean producers in each state are eligible to request redirection of their assessments and will strive to keep this chart updated. However, because State legislation may change, producers may want to check with their QSBC, QSSB, or national board periodically about the current authority within each State.

5. I'm a cattle producer, and my State law allows me to obtain a refund from the State. Shouldn't that mean I receive the money back in my pocket?

The Beef Act requires all producers to pay \$1.00 per head of cattle sold. Generally, this assessment is collected by the QSBC, which retains half and forwards the other half to CBB. (There are seven states without QSBCs, and in those states, CBB collects the full assessment directly.) Regardless of whether the State law allows a refund of State assessments, a producer is still required by the Beef Act to pay the full \$1.00. If a producer obtained a refund of 50 cents from the State, the producer would not be compliant with the Beef Act. The same scenario holds true under the Soybean Act.

The proposed rule seeks to close this gap. In States where the QSBC or QSSB is authorized by State statute and the statute allows refunds, the requirements for those refunds are not consistent. In some refund States, the producers receive a credit for the assessments paid to the national board and are obligated to forward the refunded amount to the national checkoff. However, some refund States allow producers to request and receive funds directly from the QSBC or QSSB, with no requirement that the refunded portion be given to the national board. In these instances, a producer would receive both a refund of the State assessment and a credit toward the assessment due under a national checkoff. Such State-level refunds would enable producers to pay only one-half of the required national assessment due under the beef or soybean legislation.

6. Have any States received requests from producers that their assessment be redirected to the national board?

AMS is aware that under the Beef Checkoff Program, both the Kansas and Nebraska QSBCs have redirected funds to the CBB. The North Dakota QSBC received and denied a redirection request, citing State law. AMS is not aware of any soybean producer requests at this time.

7. Was there something specific that precipitated this proposed rule?

Yes. During the late 1990s, the Federal Government was required to perform a review of all regulations issued to determine if any information provided in the regulations was no longer applicable and if so, be removed. AMS inadvertently removed parts of the Code of Federal Regulations from each Order as it related to producer credits or refunds regarding referendums. As a regulatory fix, provisions would be added back in to both

Orders that would allow producers, under certain circumstances, to request that their assessments paid to a State council or board be redirected to the national program. This would ensure that they pay the full assessment required by the beef or soybean legislation but would not allow them to fund a State program if not required by law.

This is consistent with the intent of the legislation and with the language in the Beef and Soybean Orders prior to amendments made nearly 20 years ago. Those amendments struck refund provisions since assessments to CBB and USB had become mandatory. Those amendments, however, left unintended gaps. AMS is proposing a regulatory change to close those gaps.

Because of the original structure of both Orders when refunds were allowed under the national programs, the assessment collection process is framed in terms of credits rather than QSBCs or QSSBs collecting the full assessment and retaining half.