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## Economic Affairs Interim Committee

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### 61st Montana Legislature

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May 10, 2010

### Memo on Beef CheckOff as Related to Designated Surveillance Area for Brucellosis

To: Economic Affairs Committee Members  
From: Pat Murdo, Committee Staff

The Economic Affairs Committee requested at its March 2010 meeting that the Board of Livestock look into uses of funds generated by the Beef CheckOff program, a federally mandated program requiring that \$1 be deposited in the Beef CheckOff program for every head of cattle sold. Half of that amount goes to a program in each state and half to the national program, overseen by the Secretary of Agriculture. The Beef CheckOff program, established under 7 U.S.C. §2901, survived a U.S. Supreme Court challenge under freedom of speech grounds in 2005 (*Johanns, et al. v. LMA, 544 U.S. 550*). Other constitutional challenges are possible. See *Choices* magazine, 2nd quarter 2006, a publication of the American Agricultural Economics Association ("The Constitutionality of Generic Advertising Checkoff Programs" by John M. Crespi and Roger A. McEowen).

The Montana Beef Council operates the Beef CheckOff Program in Montana through a board comprised of "cattle producers who are investors in the program", according to an email from the executive director of the Montana Beef Council, Charlene Rich of Billings. She noted in that email: "Our May 10 board meeting is at our office here in Billings and is open to all cattle producers who are investors in the program. We are not a public agency or organization, but we would welcome your attendance. Also, I do not participate in any governmental meetings other than the BOL which is a contractor for checkoff dollars, so would not be tracking or attending anything from the Economics Affairs committee, but appreciate the offer."

As noted above, the Montana Beef Council does provide some money to the Board of Livestock out of the \$510,044 that presumably remains from the \$917,404 in revenues minus the amounts delivered to National Programs for international and domestic marketing. Please see the color brochure in your packet or that is available under the "Annual Report" link on the council's website: <http://www.montanabeefcouncil.org/>.

In addition to the color brochure/annual report from the Montana Beef Council, other related materials in this packet include a description of the Beef CheckOff Program and a string of emails from Ms. Rich. Also attached is a letter to the Board of Livestock regarding related questions on funding for testing (possibly from the Beef CheckOff Program) for ranchers in the designated surveillance area. See:

[http://leg.mt.gov/content/Committees/Interim/2009\\_2010/Economic\\_Affairs/Meeting\\_Documents/BRDOFLIVESTOCKLTR.pdf](http://leg.mt.gov/content/Committees/Interim/2009_2010/Economic_Affairs/Meeting_Documents/BRDOFLIVESTOCKLTR.pdf).