

HOUSE BILL REPORT

HB 2712

As Reported by House Committee On:
Rural Development, Agriculture, & Natural Resources

Title: An act relating to requiring retailers to indicate the country of origin on beef sold to the public.

Brief Description: Requiring retailers to indicate the country of origin on beef sold to the public.

Sponsors: Representatives Kretz, Riccelli, Maycumber, Lekanoff, Mosbrucker, Chopp, Walsh, Chapman, Harris, Blake, Dent, Pettigrew, Rude, Springer, Steele, Appleton, Caldier, Fitzgibbon, Leavitt, Eslick, Volz, Van Werven, Shea, Cody, Tharinger, Robinson, Young and Ormsby.

Brief History:

Committee Activity:

Rural Development, Agriculture, & Natural Resources: 1/29/20, 2/5/20 [DPS].

Brief Summary of Substitute Bill

- Requires retailers of Washington state beef to make an effort to display country of origin information regarding the product if the retailer receives the beef with appropriate signage.

HOUSE COMMITTEE ON RURAL DEVELOPMENT, AGRICULTURE, & NATURAL RESOURCES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Blake, Chair; Shewmake, Vice Chair; Dent, Assistant Ranking Minority Member; Chapman, Dye, Fitzgibbon, Kretz, Lekanoff, Ramos, Springer and Walsh.

Minority Report: Without recommendation. Signed by 2 members: Representatives Orcutt and Pettigrew.

Minority Report: Do not pass. Signed by 2 members: Representatives Chandler, Ranking Minority Member; Schmick.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff: Riley O'Leary (786-7296) and Rebecca Lewis (786-7339).

Background:

Federal Labeling Requirements.

The United States Department of Agriculture (USDA), through the Country of Origin Labeling (COOL) regulation, requires retailers to provide their customers with information regarding the source of certain foods including muscle cuts and ground meat of lamb, goat, and chicken, and fresh and frozen produce. Labeling of country of origin can be placed on a placard, sign, label, sticker, or any format that allows consumers to identify the country of origin of the product. In 2016 the USDA removed beef muscle cuts, pork muscle cuts, ground beef, and ground pork from the list of covered commodities subject to the COOL regulations. In 2017 venison muscle cuts and ground venison were added to the labeling requirement.

State Placard Regulations.

Stores or other businesses offering fresh fruits and vegetables for sale to consumers must display a placard that informs the consumer of where the product was grown. Placards are not required for fruits or vegetables that are grown outside of the United States or if the individual items have stickers or labels on them that indicate where the product was grown. The placard must either indicate that the product was grown in the United States or grown in Washington.

Summary of Substitute Bill:

Retailers who sell beef that is raised and processed in Washington must make an effort to display a placard that is clearly visible and readily viewable by the public that indicates the country of origin of the Washington beef product. The retailer is only required to comply with the signage requirement if the retailer receives the Washington beef with appropriate signage.

"U.S.A. beef" is beef derived exclusively from animals either:

- born, raised, and slaughtered exclusively in the United States; or
- born and raised exclusively in the United States and transported for not more than 60 days through any other country and slaughtered in the United States.

If the beef does not meet the criteria for "U.S.A. beef," then it must be labeled "imported" beef and indicate each country in which the animal was born, raised, and slaughtered.

Substitute Bill Compared to Original Bill:

The retailer is required to make an effort to display information regarding the country of origin of the beef product if the beef is raised and processed in Washington. The retailer is

only required to comply with the signage requirement if the retailer receives the Washington beef with appropriate signage.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) In 2016 after a ruling from the World Trade Organization, beef was removed from the federal Country of Origin Labeling (COOL) requirement list. Country of origin labeling is used on fruits, vegetables, and most other consumer goods. High-quality American beef is raised under some of the most stringent standards in the world and it is competing with imported beef that has different genetics and standards.

Consumers have the right to know if their beef is safe to consume and where the beef comes from in case there is an outbreak of disease in another country. The Consumer Beef Index studies the beef market and identified that consumers prefer to purchase local beef. Supporting domestic producers and local communities are both consumer interests. Meat packers closely track where each animal comes from to ensure that the proper producer is paid for their animal. Some producers make a lot of money by marketing a foreign product as an American product. An imported meat product can be labeled as United States meat if the product is slightly altered in America. Products that are imported and inspected by the United States Department of Agriculture receive an inspection label that misleads consumers.

The market can be altered by importing beef and this bill would be a boon for rural American family producers who are struggling with low beef prices. When there is a strong supply of United States beef, the producer's prices are lower, and when supply of United States beef decreases, prices increase. High-quality beef products should be recognized through a premium price and labeling would differentiate the American product from lower-quality products. This bill would not restrict importing beef, but it would allow consumers to have information about where their beef originates. There should be more truth in labeling.

About 70 percent of independent feeders and 30 percent of sale barns have been lost due to free trade agreements and imported beef manipulating the cattle market. Several Washington cow and calf producers have moved their programs out of state.

A "North American" label could be sufficient for consumer information. Many meat packers obtain cows and beef from Canada which has standards similar to America. Consumers should be able to identify and purchase higher quality beef.

Shrinking United States beef production eliminates middle-class jobs. Without COOL, thousands of workers across the nation will suffer from job losses and lower labor standards.

(Opposed) The private sector is the best way to administer product labeling and a government mandate would undercut private sector efforts. Some private organizations are already providing consumers with country of origin and production standard information on their products. Consumers from the Northwest are some of the savviest in the country and they seek out the products they want.

Washington heavily relies on Canadian cattle to maintain supply. The last time that COOL regulations were required, a heavy burden was placed on processing plants to track animals. Added labeling requirements and regulations increase the cost of products which is passed to producers and consumers. Many feeders are heading north to Canada, out of the United States.

The bill violates federal labeling regulations and could trigger tariff payments, court costs, and other economic costs to the industry.

Retailers do not have access to the appropriate information necessary to comply with the labeling regulation proposed in the original bill and appropriate signage from the supplier would be required for the retailer to comply.

(Other) The fiscal impact of this bill is not provided for in the Governor's budget. Current federal attempts at COOL for beef have been unsuccessful, but there is interest from the Department of Agriculture to help small stores identify the source of their products to prevent perceptions of trade distortion.

Persons Testifying: (In support) Representative Kretz, prime sponsor; George Wishon, Ranchers-Cattlemen Legal Action Foundation; Scott Nielson and Ted Wishon, Cattle Producers of Washington; Stan Sorscher, Washington Fair Trade Coalition; Samantha Grad, United Food and Commercial Workers Local 21; Cindy Alia, Citizens Alliance for Property Rights; and Ryan Leonhardt.

(Opposed) Jack Field, Camas Uebelacker, and Jared Easterday, Washington Cattle Feeders Association; Danny DeFranco, Washington Cattlemen's Association; Paul Berendt, Agri Beef; Catherine Holm, Washington Food Industry Association; and Holly Chisa, Northwest Grocery Association.

(Other) Evan Sheffels, Washington State Department of Agriculture.

Persons Signed In To Testify But Not Testifying: None.