

HOUSE BILL REPORT

2ESSB 5150

As Reported by House Committee On:

Agriculture & Natural Resources
Appropriations

Title: An act relating to the beef commission's levied assessment.

Brief Description: Concerning the beef commission.

Sponsors: Senate Committee on Agriculture, Water, Natural Resources & Parks (originally sponsored by Senator Shewmake).

Brief History:

Committee Activity:

Agriculture & Natural Resources: 3/15/23, 2/14/24, 2/16/24 [DPA];
Appropriations: 2/22/24, 2/26/24 [DPA(AGNR)].

**Brief Summary of Second Engrossed Substitute Bill
(As Amended by Committee)**

- Increases, incrementally, the Washington State Beef Commission's (Commission) levied assessment on Washington cattle to \$2.50 per head between July 1, 2024, and January 1, 2026.
- Exempts the sale of calves identified with green tags from the assessment increases.
- Allows producers and owners of cattle to request a refund of a certain portion of the assessment.
- Provides that the Commission may fund, conduct, or otherwise participate in scientific research related to beef.

HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Majority Report: Do pass as amended. Signed by 8 members: Representatives Chapman,

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Chair; Reeves, Vice Chair; Dent, Ranking Minority Member; Kloba, Lekanoff, Orcutt, Schmick and Springer.

Staff: Rebecca Lewis (786-7339).

Background:

Washington State Beef Commission.

The Washington State Beef Commission (Commission) was created by statute in 1969 to fund beef promotion, research, and consumer education activities supporting Washington's beef industry. The Commission is composed of two beef producers, two dairy-beef producers, two feeders, one livestock sale yard operator, one meat packer, and a representative of the Department of Agriculture.

The Commission is funded by an assessment of \$1 per head of Washington cattle, which is levied at the time of sale. The Commission may collect an additional assessment of \$0.50 per head for cattle subject to assessment under a federal order that is remitted to the national Cattlemen's Beef Board for a national beef promotion and research program. The Commission must prepare a budget each year that covers the anticipated income and expenses to be incurred in carrying out the Commission's statutory obligations. The budget is proposed for discussion at an annual meeting. Public notice of the annual meeting must be given at least 10 days before the meeting is held. Otherwise, the Commission holds regular meetings quarterly. At the end of each fiscal year, the Commission must provide a concise yet detailed report of the Commission's activities and expenditures to the Legislature.

Green Tags.

Green tags are a voluntary means of identifying certain unbranded Grade A dairy calves leaving the dairy business and entering the human food chain and are affixed to the calf's ear. Calves identified with green tags are generally exempt from livestock inspection requirements at the first point of sale so long as certain requirements are met and the calves are not being sold or transported outside of Washington.

Summary of Amended Bill:

Beginning July 1, 2024, the Commission's levied assessment on Washington cattle increases incrementally as follows:

- Beginning July 1, 2024, the assessment increases from \$1.00 to \$1.50.
- Beginning January 1, 2025, the assessment increases from \$1.50 to \$2.00.
- Beginning January 1, 2026, the assessment increases from \$2.00 to \$2.50.

The increases may not be collected at the first point of sale of calves identified with green tags. As a result, the state assessments that apply to calves identified with green tags

remains at \$1 per head, and a producer or owner of cattle is not eligible to request a refund for these transactions.

A producer or owner of cattle from whom an assessment is collected may request a refund of no more than:

- \$1.00 per head beginning July 1, 2024;
- \$1.50 per head beginning January 1, 2025; and
- \$2.00 per head beginning January 1, 2026.

Requests for refunds must be mailed to the Commission within 90 calendar days of the assessment. The Commission must process requested refunds on a calendar quarterly basis. Refund requests that are received fewer than 15 days from the end of the calendar quarter must be paid at the end of the next calendar quarter.

The Commission may fund, conduct, or otherwise participate in scientific research related to beef including improving production, quality, transportation, processing, distribution, and environmental stewardship. The Commission must include a record of the assessment amounts collected and spent, as well as the purposes for which the funds were used in the report to the Legislature on the Commission's activities and expenditures currently required to be completed after each fiscal year.

The Commission must hold board meetings in different geographic regions of the state throughout the year, including the northeast, southeast, central southwest, and northwest regions of the state. At least two meetings must be held in Eastern Washington.

Amended Bill Compared to Second Engrossed Substitute Bill:

The amended bill makes the following changes to the underlying bill:

1. increases the maximum amount of the Beef Commission's (Commission) assessment that producers may request to be refunded to them as follows:
 - a. from \$0.50 to \$1.00 beginning July 1, 2024;
 - b. from \$1.00 to \$1.50 beginning January 1, 2025; and
 - c. from \$1.50 to \$2.00 beginning January 1, 2026;
2. specifies that producers whose transactions are exempt from the assessment increases are not eligible to request a refund; and
3. requires the Commission to include an accounting of the assessments collected, spent, and how assessments were used in the previous fiscal year in the report to the Legislature on the Commission's budget that is required under current law after the conclusion of each fiscal year. The requirement to provide this information in a separate report to the Legislature by January 1 of each year is deleted.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended 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) The striking amendment is a reflection of collaboration and compromise, and there is hope that it will help both cattle ranchers and dairy farmers. Everyone had to give a little bit which means that this is probably a good solution. While it was not the first choice, there are 15 other states that have made an assessment refund work. The work of legislators to encourage the multiple stakeholders to come to the table and actively listen has not gone unnoticed. The assessment supports valuable behind-the-scenes work of the Beef Commission, including promotion of the beef industry and contingency planning in advance of emergencies.

(Opposed) None.

(Other) The Cattle Producers of Washington (CPOW) support the bill and recognize the many compromises that have been made. The CPOW will continue to be in support as long as the refund language stays in the bill.

Persons Testifying: (In support) Senator Sharon Shewmake, prime sponsor; Mark Streuli, Washington Cattlemen's Association; Dan Wood, Washington State Dairy Federation; and Jack Field, Washington Cattle Feeders Association.

(Other) Josslin Schoesler, Cattle Producers of Washington.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended by Committee on Agriculture & Natural Resources. Signed by 29 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Corry, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Connors, Assistant Ranking Minority Member; Couture, Assistant Ranking Minority Member; Berg, Callan, Chopp, Davis, Fitzgibbon, Harris, Lekanoff, Pollet, Riccelli, Rude, Ryu, Sandlin, Schmick, Senn, Simmons, Slatter, Springer, Stokesbary, Stonier, Tharinger and Wilcox.

Staff: Dan Jones (786-7118).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Agriculture & Natural Resources:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended 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) It has been over 20 years since the Beef Commission's assessment has increased, and inflation has taken its toll. The process to get to this point has been long and has required patience. All stakeholder groups have been engaged on this issue and are currently in support, including dairy producers, cattle feeders, and beef producers.

(Opposed) None.

Persons Testifying: Mark Streuli, Washington Cattlemen's Association.

Persons Signed In To Testify But Not Testifying: None.