

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/19/2021**

Revised  
 Bill/Resolution No.: HB 1487

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$4,413,090	\$0	\$(2,207,000)	\$0	\$(2,207,000)
<b>Expenditures</b>	\$0	\$5,190,621	\$0	\$(2,207,000)	\$0	\$(2,207,000)
<b>Appropriations</b>	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
<b>Counties</b>	\$0	\$0	\$0
<b>Cities</b>	\$0	\$0	\$0
<b>School Districts</b>	\$0	\$0	\$0
<b>Townships</b>	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1487 changes the current mandatory and refundable ND beef checkoff assessment to a voluntary assessment. This “one word” bill changes language from MUST to MAY. This change will have a very significant reduction on funds collected creating a major fiscal impact on the ND Beef Commission.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The entire content of HB 1487 is the fiscal impact, changing the ND beef checkoff assessment from its current status of a mandatory and refundable assessment, consistent with other state commodity assessments, to a totally voluntary assessment that will result in an estimated \$2,207,000 loss in income and reduction in programs per biennium. This single word change will severely, if not totally, compromise the current collection system that relies on livestock markets, dealers, order buyers, packers, and individuals to consistently deduct the ND state beef checkoff every time cattle change ownership. These businesses do this at no charge and in compliance with the state law and as a service to the ND Beef Commission and their producer customers. In analyzing this change, it seems unrealistic to expect independent private companies to ask every producer every time they bring one animal or hundreds to a livestock sale facility to designate whether or not they want the ND state beef checkoff deducted and paid on their behalf. Being totally voluntary, there are no parameters anywhere in the current commodity checkoff systems of ND to outline or predict the means and dollars that could be collected. Realizing the fact that there will be people who won't support the checkoff, and that there will also be people that have always supported the program but will not be willing to pay the price of beef promotion, research and education programs that benefit all but aren't being paid for by all, the best and fairest assumption the ND Beef Commission can make is that a voluntary program will yield little to no participation.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The 2019-2021 biennium revenue of \$4,413,090 includes two beef checkoff assessments, both authorized under state law, but one known as a national beef checkoff of \$1 per head, and an additional \$1 per head ND state beef

checkoff. The national dollar is mandatory across the country and is assessed in accordance with the federal Beef Promotion & Research Act of 1985. This mandates \$.50 of the national dollar must go to the Cattlemen's Beef Board for national programs and \$.50 stays with the state beef council (ND Beef Commission) to be used for similar programs of the state beef council's choosing. The ND Beef Commission is the Qualified State Beef Council authorized to handle these national checkoff funds. The additional ND state beef checkoff dollar is fully under the authority of the ND Beef Commission board which is appointed by the Governor in a manner prescribed in law.

The 2021-2023 and 2023-2025 biennium revenue includes only the mandatory national \$1 per head assessment. It is our opinion that changing the ND state beef checkoff from a mandatory refundable program to a voluntary program will effectively eliminate the ND state beef checkoff funds that have been collected since 2015, cutting the ND Beef Commission revenue by half. This has an even more dramatic affect on the ND Beef Commission. As mentioned before, the ND Beef Commission only retains half of the national assessment to use for beef promotion, research & education programs. In reality, this would leave the ND Beef Commission to operate with only 25% of the current funds to fulfill the mission of the ND Beef Commission.

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The 2019-2021 biennium expenditures include a robust program of beef promotion, research and education on the state, national and international level. A research program focused on beef quality and human nutrition has seen 25 projects funded since August of 2015 (the beginning of the current state beef checkoff) with a total commitment of approximately \$1.9 million. Over 50% of these funds have been invested in ND research. Expanded partnerships with the US Meat Export Federation, with special attention to the Japanese market, have risen to a funding level of \$475,000 in the current biennium. Approximately \$1.5 million per biennium, for the past three bienniums, has been invested in promotional programs to influence consumers about the benefits of including beef in their diet.

The 2021-2023 and 2023-2025 bienniums will have a drastically different look with the impact of a voluntary beef checkoff assessment, assuming a low or no participation rate in a voluntary program. Expenditures under a voluntary ND state beef checkoff assessment for 2021-2023 and 2023-2025 are projected to be \$2.2 million, \$1.1 million of which is the required half of the funds that must be sent to the Cattlemen's Beef Board, leaving \$1.1 million for Commission programs. This would return the ND Beef Commission back to funding levels reminiscent of the 2013-2015 biennium and before. This would mean a total elimination of the research program as well as the US Meat Export Federation foreign marketing partnerships. Additionally, the beef promotional efforts would be reduced to less than a third of the current levels. The impact on FTE positions, at best, would be cutting staff in half, back to two staff members, again reminiscent of the 2013-2015 biennium.

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The ND Beef Commission exists under a continuing appropriation provision and all funds collected are considered special funds for the sole purpose of conducting programs of beef promotion, research and education.

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