

**REPORT OF THE
VIRGINIA BEEF INDUSTRY COUNCIL**

**Report on Recommendations
for the Utility of the Virginia
Cattle Assessment
(Chapter 565, 2016 Acts of
Assembly)**

TO THE GENERAL ASSEMBLY OF VIRGINIA



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**REPORT ON
RECOMMENDATIONS FOR
THE UTILITY OF THE
VIRGINIA CATTLE
ASSESSMENT**

Virginia Beef Industry Council

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Report on Recommendations for the Utility of the Virginia Cattle Assessment

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Report on Recommendations for the Utility of the Virginia Cattle Assessment

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Legislative Mandate

The fourth enactment clause of Chapter 565 of the 2016 Acts of Assembly

EXECUTIVE SUMMARY

Chapter 565 of the 2016 Acts of Assembly requires the Virginia Beef Industry Council (Council) to survey members about the utility of the Virginia Beef Industry Council Act (Act) (Va. Code § 3.2-1300 *et seq.*) and the Virginia Cattle Assessment (Assessment) collected pursuant to the provisions of the Act and to report its findings to the General Assembly by January 1, 2018. This work was performed on behalf of the Council by the Virginia Cattlemen's Association through a survey of cattle producers to determine the producers' opinions regarding (i) how, if reinstated and enforced, the Assessment should be administered, (ii) for what priorities Assessment funds should be utilized, and (iii) at what rate the Assessment should be set. The results of the producer survey indicated a general support among the producers surveyed for reinstatement of the Assessment to be utilized primarily for activities promoting the Virginia feeder cattle business, payable at a per head rate higher than currently established by the Act. This report was edited and formatted by staff at the Virginia Department of Agriculture and Consumer Services.

REPORT ON RECOMMENDATIONS FOR THE UTILITY OF THE VIRGINIA CATTLE ASSESSMENT

BACKGROUND AND OVERVIEW

The Virginia cattle industry, valued in excess of \$8 billion and consisting of an estimated 1.6 million head of cattle managed by some 24,000 producers, is the second largest segment of Virginia's agriculture industry. Virginia is among the top 50 percent of cattle-producing states in the U.S. The majority of Virginia's annual crop of feeder cattle is sent out of state for the finishing phase of the production cycle, prior to harvest. The Virginia cattle industry is supported by a nationally renowned genetics base, and Virginia producers are consistently able to offer feeder cattle with exceptional quality and performance. Producers also have access to traditional and non-traditional markets, which helps add value to live cattle.

The concentration of market point destinations for Virginia feeder cattle continues to shift away from historical locations in the Northeast to more conventional locations in and near the eastern Corn Belt region of the U.S. The overall improvement in quality of the national cattle herd combined with the average distance Virginia feeder cattle may now travel to finishing feedlots can reduce the premium on Virginia feeder cattle by virtue of their higher procurement cost when compared to those calves geographically situated closer to the center of the country. Therefore, the active promotion of Virginia feeder cattle in these markets is equally as important in continuing to bring profits to producers as the high quality reputation already enjoyed by the industry.

In 1983, by enactment of the Virginia General Assembly and approval by producer referendum, the Virginia Cattle Assessment (Assessment) was created. The Assessment was created to provide a resource that could be utilized to promote the Virginia cattle industry and beef products by a number of means approved by an administrative board recommended from industry and appointed by the Governor. The Virginia Beef Industry Council Act (Act) (Va. Code § 3.2-1300 *et seq.*) prescribes how the Virginia Beef Industry Council (Council) may use the \$0.25 per head of cattle and calves assessment that producers pay. The Assessment was implemented and administered statewide until the establishment of the National Beef Checkoff program by the federal Beef Promotion Act, which was a component of the 1985 Farm Bill. The Beef Promotion Act provided that no existing state cattle assessment would be usurped by the creation and addition of the National Beef Checkoff, which is \$1.00 per head. Many states with existing cattle assessments accommodated this by either continuing their state programs in concert with the national program or by legislative action repealing their respective state cattle assessments. Virginia combined the two programs, collecting a total of \$1.00 per head, tracking the \$0.25 state assessment separately, and providing \$1.00 per head to the National Beef Checkoff program. As a result, the assessment collected was spent on national programs.

The fourth enactment clause of Chapter 565 of the 2016 Acts of Assembly requires the Council to survey members about the utility of the Act and the Assessment collected pursuant to the provisions of the Act and to report its findings to the General Assembly by January 1, 2018.

INDUSTRY SURVEY STRATEGY

The Virginia Cattlemen's Association (Association) was tasked by the Council with conducting the required survey. The Association's Executive Committee sought input regarding strategies for the development of and outreach for this survey from the organizations listed below.

- Virginia Cooperative Extension
- Virginia State Dairymen's Association

- Virginia Agribusiness Council
- Virginia Farm Bureau Federation

RECOMMENDATIONS FOR VIRGINIA CATTLE ASSESSMENT

A survey (found in Appendix B) for Virginia cattle industry producers was disseminated in person by the Association's staff or Executive Committee members at nearly three dozen locations across the Commonwealth between January and June 2017. These meetings were facilitated by Virginia Cooperative Extension and open to all cattle producers. A presentation of the history, current Assessment question, and survey with an open question was provided at each venue. The survey responses aided in developing a recommendation for the future of the Assessment and answered four fundamental questions: (i) how oversight and administration should be provided, (ii) for what purpose should the collected funds be used, (iii) what per head cattle assessment rate would be acceptable if the Assessment is reinstated, and (iv) what additional Assessment recommendations could be made to address future fluidity.

The Association received 2,169 completed surveys, which the Association's Board used to develop a recommendation. Of the surveys received, 81 percent were in favor of reinstating the Assessment and 63 percent indicated support of an Assessment amount greater than or equal to \$0.50. After much deliberation, the Association's Board chose to recommend an Assessment of \$1.00 per head given the following:

- Inflation. The original Assessment amount of \$0.25/head in 1983 has the same buying power as \$0.63/head in 2017.
- Producer support. Of the surveys received, 63 percent support an Assessment amount greater than or equal to \$0.50.
- Refund request. The Association's Board agreed to recommend that legislation establishing a new Assessment should include provisions authorizing producers to request a refund of any Assessment collected from the producer.

1. Oversight and administration of the Virginia Cattle Assessment

The oversight and administration of Assessment funds could be provided through the existing Virginia Beef Industry Council, upon reverting back to the original name of the Virginia Cattle Industry Board. The Council is currently charged with managing National Beef Checkoff funds in accordance with the guidelines set forth by the National Cattlemen's Beef Board and approved by the U.S. Department of Agriculture. The activities of the National Beef Checkoff are strictly limited to promotion of beef products, and National Beef Checkoff funds may not be used in support of the cattle industry or production management not related to beef as a consumable product. Given the limited scope for use of the Virginia Beef Checkoff funds (under the purview of the National organization) and the ability for the Assessment to be utilized for promotional activities related to all aspects of the cattle industry and beef products, it was recommended that a Virginia Cattle Industry Board be re-established and appointed to administer the fund. (See § 3.2-1301 in the draft legislation recommended by the Association, which is found in Appendix A.)

This suggestion to establish the Virginia Cattle Industry Board is meant to:

- Streamline regional cattle producer representation to distinct geographic regions based in nearly equal cattle census numbers as opposed to marketing territories.
- Enable voting Directors on the Virginia Cattle Industry Board to be cattle producers exclusively.
- Allow for vetting of individuals recommended for appointment to the Virginia Cattle Industry Board to be collaborative among stakeholder and industry representative groups with significant cattle producer membership ties.

2. Purpose for Assessment funds

The recommended scope of the Assessment is stated in the proposed § 3.2-1304 found in Appendix A and is summarized best as supportive of highlighting the capacity of the Virginia cattle business for increased value to cattle producers and industry longevity. Survey respondents identified their top priorities for Assessment funds as follows:

- Support of Virginia Cooperative Extension beef cattle educational programs
- Support of Virginia feeder cattle marketing programs
- Support of Virginia feeder cattle promotional programs
- Promoting beef cattle production and industry image
- Support of youth programs, to include scholarship

3. Input funding of Assessment

The current assessment is \$0.25 per head of cattle marketed and was established in 1983 upon creation of the Assessment. Results from the survey indicate that 81 percent of respondents are in favor of Assessment reinstatement, while only 33 percent favor retaining the current assessment amount (Appendix B). The Association recommends (i) increasing the Assessment to \$1.00 per head and (ii) funding meaningful research as provided for in the proposed § 3.2- 1304 found in Appendix A. The following additional recommendations are found in the proposed § 3.2- 1306 in Appendix A:

- All types of cattle weighing 199 pounds or less shall be exempt given the extreme volatility and relatively low expected contribution of the veal calf market.
- A refund provision should be made available to any producer wishing to not participate in the Assessment by written request to the Virginia Cattle Industry Board within 30 days of collection of the Assessment through the handler of the sale of eligible cattle.

4. Additional Assessment recommendations

Recommendations for terms of service for Directors appointed to the Virginia Cattle Industry Board are found in the proposed § 3.2-1302 in Appendix A in accordance with enacted provisions for all gubernatorial-appointed industry boards following passage of Chapter 565 of the 2016 Acts of Assembly.

CHAPTER 13.
CATTLE INDUSTRY
BOARD

Recommendation of the Virginia Cattlemen's Association Executive Committee
June 23, 2017

§ 3.2-1300. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Cattle" means beef *type* cattle sold for slaughter or feeding purposes, veal calves sold for slaughter or feeding purposes, and dairy *type* cattle sold for immediate slaughter providing such animals are sold for a consideration in excess of \$20 per head in the Commonwealth.

"Handler" means, at the point where the cattle are weighed or traded and the value determined, operators of all stockyards, livestock dealerships, slaughterhouses, packing plants, and livestock auction markets or any other person that purchases from a producer.

~~"Processor" or "packer" means any person that slaughters cattle.~~

"Producer" means any person engaged in the business of raising beef *type* cattle, ~~or selling dairy *type* cattle for slaughter.~~

§ 3.2-1301. Cattle Industry Board; composition and appointment of members.

A. The Cattle Industry Board, established by the passage of a referendum held pursuant to Chapter 375 of the 1983 Acts of Assembly, is continued within the Department.

The Cattle Industry Board shall be composed of ~~15~~ *seven (7)* members, each of whom shall be a citizen of the United States and a resident of the Commonwealth. Each member shall have been actively engaged in the type of production or business that he will represent on the Cattle Industry Board for at least five years, shall derive a substantial proportion of his income from such production or business, and shall continue to be actively engaged in such production or business during his term.

B. The Governor shall appoint the members, who represent ~~the various segments of the cattle~~ industry as follows:

1. ~~Seven~~ *six commercial* beef cattle producers, one from each ~~feeder~~ cattle production area of the Commonwealth. The ~~seven~~ *six* areas shall be designated by the Virginia Cattlemen's Association in general accordance with *census based feeder cattle population marketing practices and updated every ten years utilizing National Agricultural Statistics Survey information.*

2. ~~Two~~ *One* ~~dairymen~~ dairy producer.

3. ~~One commercial cattle feeder.~~

4. ~~Two purebred beef cattle breeders.~~

5. ~~Two livestock market operators.~~

52 ~~6. One meat packer or processor.~~

53 C. Such appointments shall be chosen from the following recommendations made through the
54 ~~Commissioner~~ *Secretary of the Commonwealth*:

55
56 1. Each of the ~~seven~~ *six* beef cattle producing areas shall recommend two producers to the Virginia
57 Cattlemen's Association. The Virginia Cattlemen's Association *Executive Committee* shall, *in*
58 *consultation with other cattle producer representative organizations*, recommend these ~~14~~ *twelve*
59 ~~(12) commercial~~ beef cattle producers (two from each area), and at least one representative from
60 each ~~feeder~~ cattle production area of the Commonwealth shall be appointed *by the Governor and*
61 *confirmed in accordance with §2.2-107* to the Cattle Industry Board.

62
63 ~~2. The Virginia Cattle Feeders Association shall recommend two commercial cattle feeders.~~

64
65 3. The Virginia State Dairymen's Association *Board of Directors* shall recommend ~~four~~ *two*
66 ~~(2) dairymen dairy producers.~~

67
68 ~~4. The Beef Cattle Improvement Association shall recommend four purebred beef cattle breeders,~~
69 ~~provided that not more than one be nominated from each of the four predominant breeder~~
70 ~~associations.~~

71
72 ~~5. The Virginia Association of Livestock Market Operators shall recommend four livestock~~
73 ~~market operators.~~

74
75 ~~6. The Virginia Cattlemen's Association shall recommend two persons, each of whom shall be either~~
76 ~~a processor or a packer.~~

77
78 § 3.2-1302. Cattle Industry Board membership terms.

79
80 ~~A. The terms for appointments to the Cattle Industry Board shall be for four years, except~~
81 ~~appointments to fill vacancies, which shall be for the unexpired terms. No Cattle Industry Board~~
82 ~~member may serve more than two consecutive full terms. Whenever a new appointment is made,~~
83 ~~the person receiving the appointment shall be a representative of the same segment of the industry~~
84 ~~as his predecessor and nominated as before. In accordance with §3.2-1105 and §3.2-2302.~~

85
86 ~~B. The Governor shall immediately declare the office of any member of the Cattle Industry Board~~
87 ~~vacant when he finds that the member no longer is actively engaged in the type of beef or dairy~~
88 ~~production or business he was engaged in at the time of his appointment; is no longer a resident of~~
89 ~~the Commonwealth; or is unable to perform the duties of his office.~~

90
91 § 3.2-1303. Cattle Industry Board officers and compensation.

92
93 A. The Cattle Industry Board shall elect a chairman and such other officers as deemed appropriate
94 who may or may not be from among its members. The Cattle Industry Board shall meet ~~each six~~
95 ~~months once per year~~ and at such other times as called by the chairman. The chairman may call
96 special meetings at any time and shall call a special meeting when requested by five or more
97 members of the Cattle Industry Board.

98
99 B. Members shall serve without compensation but shall be reimbursed for actual expenses incurred
100 in attending meetings of the Cattle Industry Board *in accordance with §3.2-1106*.

101
102 § 3.2-1304. Powers and duties of Cattle Industry Board.

- 103 A. The Cattle Industry Board may improve cattle industry markets through activities to develop,
104 maintain, and expand the state, national, and foreign markets for cattle, beef, ~~veal~~, and their products
105 produced, processed, or manufactured in the Commonwealth.
106
- 107 B. The Cattle Industry Board may formulate and effectuate, directly or in cooperation with other
108 agencies and instrumentalities specified in this chapter, sales stimulation and consumer or other
109 educational programs designed to increase the use and consumption of beef, ~~veal~~, and their products.
110
- 111 C. The Cattle Industry Board shall engage in the research, education, and promotion of the use and
112 sale of beef and beef products, and shall have the following powers and duties:
113
- 114 1. To enter into contracts as the Cattle Industry Board deems necessary for the experimental
115 development of new or improved markets or marketing methods.
116
 - 117 2. To conduct or contract for scientific research and services to discover and develop the commercial
118 value of beef and ~~veal~~ and their products.
119
 - 120 3. To make grants to research agencies for financing special or emergency studies or for the
121 purchase or acquisition of facilities necessary to carry out research in keeping with the intent of this
122 chapter.
123
 - 124 4. To disseminate reliable information founded upon the research conducted under this chapter and
125 other sources, showing the uses of beef, veal, and their products.
126
 - 127 5. To cooperate with any local, state, or national organization or agency engaged in work or activities
128 similar to that of the Cattle Industry Board and enter into contracts with such organizations or
129 agencies for carrying on joint programs.
130
 - 131 6. To act jointly and in cooperation with the federal and state governments, or any agency thereof in
132 the administration of any program of the government or governmental agency deemed by the Cattle
133 Industry Board as beneficial to the production, marketing, or promotion of the beef ~~and veal~~ industry
134 of the Commonwealth and expend funds in connection with such programs provided they are
135 compatible with this chapter.
136
 - 137 7. To enter into contracts that it deems appropriate to the carrying out of the purposes of the Cattle
138 Industry Board as authorized by this chapter.
139
 - 140 8. To study and inform producers concerning state and federal legislation with respect to tariffs,
141 duties, reciprocal trade agreements, import quotas, and other matters concerning the beef ~~and veal~~
142 industry.
143
 - 144 9. To borrow money not in excess of estimates of its revenue from the current year's tax.
145
 - 146 10. To appoint subordinate officers and employees of the Cattle Industry Board and prescribe their
147 duties and fix their compensation within the limitations of the Virginia Personnel Act (§ [2.2-2900](#) et
148 seq.).

149 11. To acquire and maintain such office space and equipment as necessary to carry out the duties of
150 the Cattle Industry Board.

151
152 12. From the tax revenues it receives, to contract with organizations, ~~including the National~~
153 ~~Livestock and Meat Board, to carry out work and programs,~~ approved by the Cattle Industry Board,
154 ~~on a national basis to carry forward approved industry promotion.~~

155
156 D. The Cattle Industry Board shall establish a meeting place anywhere within the Commonwealth,
157 but the selection of the location shall be guided by consideration for the convenience of the majority
158 of those most likely to have business with the Cattle Industry Board or to be affected by this chapter.

159
160 E. The Cattle Industry Board may adopt regulations necessary to carry out the purpose of this
161 chapter.

162
163 F. An annual report shall be made by the Cattle Industry Board to the Commissioner and shall be
164 published as a public record to include a statement on receipts and itemized disbursements of the
165 Virginia Cattle Industry Fund.

166
167 § [3.2-1305](#). Virginia Cattle Industry Fund established.

168
169 There is hereby created in the state treasury a special nonreverting fund to be known as the Virginia
170 Cattle Industry Fund, hereinafter referred to as "the Fund." The Fund shall be established on the
171 books of the Comptroller. All funds collected pursuant to § [3.2-1306](#) shall be paid into the state
172 treasury and credited to the Fund. Any moneys remaining in the Fund, including interest thereon, at
173 the end of each fiscal year shall not revert to the general fund but shall remain in the Fund.

174
175 All moneys credited to the Fund shall be used exclusively as set forth in this chapter. The Auditor of
176 Public Accounts shall audit all the accounts of the Cattle Industry Board as is provided for in § [30-](#)
177 [133](#). Expenditures and disbursements from the Fund shall be made by the Cattle Industry Board on
178 warrants issued by the Comptroller upon written request signed by a duly authorized officer of the
179 Cattle Industry Board.

180
181 § [3.2-1306](#). Collection and disposition of assessment by handler; reports.

182
183 A. Every handler shall deduct ~~25 cents (\$0.25)~~ *one dollar (\$1.00)* per head from the proceeds of sale
184 owed ~~by him~~ to the respective owners of all cattle and calves when sold in the Commonwealth, with
185 the exception of ~~dairy cows going back to farms for milk production and those animals selling for~~
186 ~~less than \$20 per head~~ *all types of cattle weighing 199 pounds or less*. The handler shall remit such
187 assessments to the Tax Commissioner on or before the last day of ~~the each month following the end~~
188 ~~of each calendar quarter~~ *in which cattle are sold*.

189
190 B. Every handler shall complete reports on forms furnished by the Tax Commissioner and submit
191 such reports to the Tax Commissioner along with the assessments collected pursuant to subsection A.
192 Each report shall include a statement of the number of cattle handled and the amount of money
193 collected, and any other information deemed necessary by the Tax Commissioner to carry out his
194 functions. Notwithstanding the provisions of § [58.1-3](#), upon request, the Tax Commissioner is
195 authorized to provide the Cattle Industry Board with a list of taxpayers and amounts paid.

196
197 C. Any assessment that is not paid when due shall be collected pursuant to § [3.2-1102](#).

198

199 *D. Any producer upon and against whom such assessment shall have been levied and collected*
200 *under the provisions of § [3.2-1306](#), if dissatisfied with said assessment and the result thereof, shall*
201 *have the right to demand of and receive from the Virginia Cattle Industry Board a refund of such*
202 *assessment so collected from such producer; provided, such demand for refund is made in writing*
203 *within thirty (30) days from the date on which said assessment is collected from such producer.*
204

205 *E. The collection of the National Beef Checkoff, which is separate from the Virginia Cattle*
206 *Assessment, shall be conducted through the United States Department of Agriculture approved*
207 *efforts of the Virginia Beef Industry Council in accordance with the 1985 National Beef Promotion*
208 *Act and Order and half of each dollar collected shall remain at the disposal of the Virginia Beef*
209 *Industry Council for dispersal within the guidelines of the annually national Cattlemen's Beef Board*
210 *approved Virginia Beef Industry Council marketing plan.*
211

212 § [3.2-1307](#). Records to be kept by handler.
213

214 Every handler shall keep a complete record of the number of cattle subject to payment bought by him
215 for a period of not less than three years. Such record shall be open for inspection by the Tax
216 Commissioner, and shall be established and maintained as required by the Tax Commissioner.
217

218 § [3.2-1308](#). Falsification of records; misdemeanor.
219

220 It is a Class 1 misdemeanor:
221

222 1. For any first handler to fail to submit to the Tax Commissioner any statement or report required in
223 this chapter within 60 days from the time such statement or report is required to be submitted.
224

225 2. For any first handler knowingly to report falsely to the Tax Commissioner the number of taxable
226 cattle handled by him during any period or to falsify the records.

Appendix B

2017 Virginia Cattle Assessment Producer Survey

1. The oversight and administration of the Virginia Cattle Assessment would be provided by the existing Virginia Beef Industry Council comprised of 12 voting cattle producers appointed by the Governor and nominated from each of 6 cattle census based regions of Virginia. Additional non-voting advisors may be appointed by the Virginia Beef Industry Council if desired. The Virginia Beef Industry also oversees the administration of the National Beef Checkoff. Are you comfortable with the Virginia Beef Industry Council administering both the Checkoff and the potentially reinstated Virginia Cattle Assessment?
 - a. Yes
 - b. No, a separate Beef Council should continue administration of the National Beef Checkoff

2. The purpose of the funds collected through the Virginia Cattle Assessment may be utilized to promote both the Virginia cattle industry as well as the beef product. Unlike the National Beef Checkoff, a reinstated Virginia Cattle Assessment can support live cattle production and marketing promotional activities and projects in addition to beef product related activities. Below is a list of potential broad areas for use of Virginia Cattle Assessment collections. Please circle the areas you feel are important and/or have value for the betterment of the Virginia cattle and beef industry (circle all that you feel are important):
 - a. Beef cattle production systems research
 - b. Support of Virginia Cooperative Extension beef cattle educational programs
 - c. Virginia feeder cattle marketing programs
 - d. Virginia feeder cattle promotional programs
 - e. Promoting beef cattle production and industry image
 - f. Youth programs to include scholarship
 - g. Supplemental support for National Beef Checkoff initiatives
 - h. Adding value to promotional programs for Virginia beef products to consumers
 - i. Administration of approved Virginia Cattle Assessment programs
 - j. Other: _____

3. The value of the Virginia Cattle Assessment was set at \$0.25/head in 1985. Currently there are approximately 1.5 million cattle in Virginia with around 850,000 marketed annually and eligible for the potentially reinstated Virginia Cattle Assessment. At what level would you be most supportive of a reinstated Virginia Cattle Assessment?
 - a. \$0.25/head
 - b. \$0.50/head
 - c. \$0.75/head
 - d. \$1.00/head
 - e. Other: _____
 - f. I am not supportive of reinstating the Virginia Cattle Assessment

4. Additional comments:

