

A Concise Guide To The Beef Checkoff

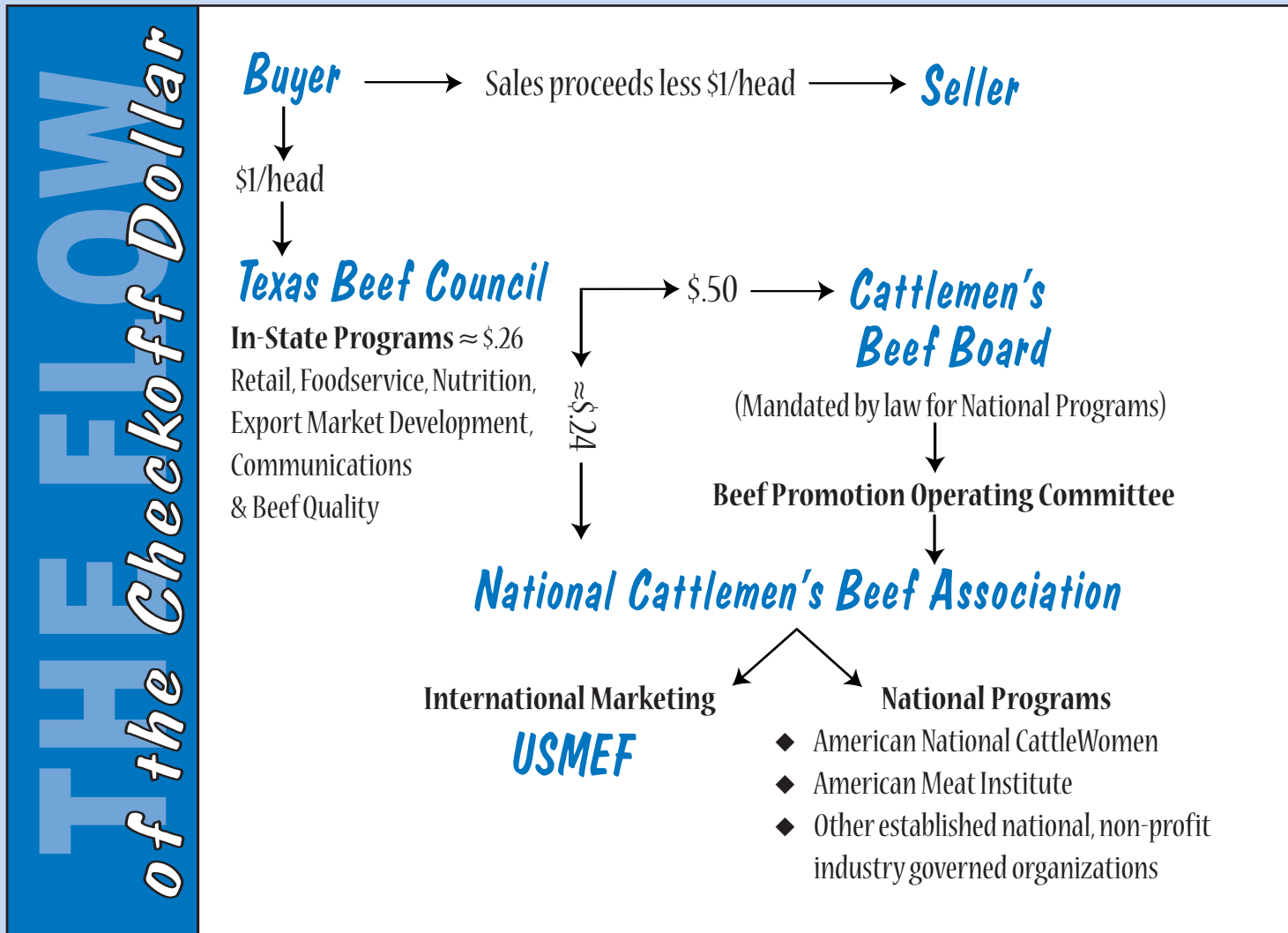
When you pay the beef checkoff dollar, you invest in your industry's future.

❖ **advertisements** through which consumers learn about beef's benefits,

Your checkoff works to increase beef demand through programs of research, education and promotion such as:

By law, every producer must pay \$1 per head for all cattle and calves on change of ownership, regardless of age or sex. The chart below explains how these dollars move from producer sales into state, national and international checkoff programs.

- ❖ development of new, convenient **beef products**,
- ❖ **research** into beef's healthful benefits and nutrition,



A Guide to Complying with the Checkoff

The following explanations answer the most frequently asked questions about the checkoff received by the Texas Beef Council (TBC). If you still have questions about any part of the checkoff after reading these answers, call toll-free 1-800-846-4113.

What is a collection point?

Whoever makes payment to the seller is a collection point or collection person (this could be the actual buyer or an agent). That entity or person must withhold \$1 per head and remit those funds to the Texas Beef Council.

Examples of collection points are: Auction Markets, Feedyards, Packers, Dealers, Order Buyers, Other producers, Auctioneers, Sale Managers, Clerking services, Banks, and Other entities that buy or sell cattle.

But I just bought one bull from a purebred breeder. Under this definition I'm a collection point?

Correct. Under the checkoff structure, you should deduct \$1 from the sales price and send it to TBC. However, if the purebred breeder sells several bulls in one day to several buyers, it may be more convenient for him to take the full sales price for his bulls and remit the checkoff.

Either method is fine. The one thing to remember is that, under law, buyer and seller are equally

liable to see that the \$1 per head is collected and paid so make sure to determine who will remit the checkoff.

Do I still pay the checkoff if I buy and sell cattle in a short period of days?

No producer is exempt from the checkoff. Buyers who resell cattle no more than 10 days from the date of purchase may file a non-producer status form and claim an exemption on the resale.

If nothing else, remember this checkoff guide:

A Dollar or a Document

All selling and purchase transactions must be reported to TBC. In each instance, either \$1 per head must be paid or a non-producer status exemption form must be collected by the buyer from the seller. If you opt to claim an exemption, you swear that:

- 1) your share in the proceeds is only a sales commission or service fee OR you acquired ownership of the cattle to facilitate the transfer of ownership to a third party AND
- 2) you owned the cattle less than 10 days AND
 - a) upon your purchase the checkoff was collected or you received a Certification of Non Producer Status from the seller OR
 - b) you purchased the cattle in a transaction where you were not responsible for collecting the checkoff (Auction or Brand Inspector).

I'm a dairy producer. Do I have to checkoff private treaty sales of my dairy cattle?

Yes. All bovines sold must be checked off. Sales by private treaty of beef and dairy cattle, buffalo and beefalo, sales of baby calves and sales of seedstock all are subject to the \$1 per head checkoff.

I buy and sell cattle with Mexican producers. Who pays this checkoff?

When you sell, you, as the last American owner, must pay the checkoff dollar, unless the transaction qualifies for a resale exemption. If you purchase cattle from Mexico, \$1 is collected at the time of purchase if the purchase transaction is conducted after the cattle have arrived in the United States.

If the purchase transaction is conducted prior to the cattle arriving in the United States, no checkoff is due.

An import \$1 is collected by U.S. Customs at the crossing of the cattle. The import \$1 collected by customs cannot be used to claim an exemption from paying the \$1 on change of ownership.

My ranch is in Texas, but I feed my cattle in Kansas. When these cattle are sold to the packer and the feedyard deducts \$1 per head from my sales price, do my checkoff dollars come back to TBC?

Generally, no. They would be administered in the checkoff program by the Kansas Beef Council. The same system means that checkoff dollars from Southeastern cattle that are fed in Texas feedlots stay in Texas rather than their state of origin.

The rule is that if cattle are located in one state for 30 days prior to their sale, the checkoff dollars stay in that state. If it is less than 30 days, then the dollars go to the state of origin. Imported cattle always are considered original to the state in which they entered.

How do I know that everyone is paying his fair share?

Repeated action by the courts have shown the severity of willfully failing to pay checkoff dollars. A Montana ranching family recently was ordered by an administrative law judge to pay past assessments, late payment charges and \$12,000 in civil penalties for refusal to pay checkoff dollars.

TBC is charged by law to monitor all cattle transactions and assure uniform payment of the checkoff assessment. TBC also is required to turn over to the Beef Board the names of any producers or collection sites that refuse to pay the checkoff for action that can include a restraining order and a civil penalty of up to \$5,500 per transaction.

How can I get involved?

The boards of the Texas Beef Council and the Cattlemen's Beef Promotion and Research Board are made up of producer volunteers nominated by cattle organizations such as Texas and Southwestern Cattle Raisers Association, Texas Cattle Feeders Association, Texas Farm Bureau, Texas CattleWomen, Independent Cattlemen's Association of Texas, as well as livestock markets, dairy producers, packers and purebred breeders.

Contact your member organization or call TBC for more information.

Where can I get more information on the beef checkoff?

Contact TBC at 1-800-846-4113. TBC has a number of information pieces illustrating how checkoff dollars are invested.

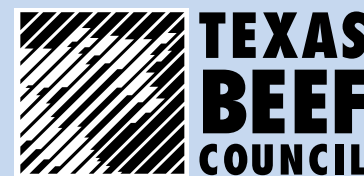
The Checkoff Investment Guide

Here are the addresses and phone numbers of the organizations that handle and invest your Texas checkoff dollars:

Cattlemen's Beef Board
9110 East Nichols Avenue, Ste. 303
Centennial, CO 80112
303-220-9890

National Cattlemen's Beef Association
9110 East Nichols Avenue, Ste. 300
Centennial, CO 80112
303-694-0305

U.S. Meat Export Federation
1050 17th Street, Ste. 2200
Denver, CO 80265
303-623-6328



8708 RANCH RD 620 N. AUSTIN, TX 78726-3503
PHONE: 512/335-2333 ■ FAX: 512/335-0582
WEB ADDRESS: www.txbeef.org

Understanding the Beef Checkoff



Second Edition