



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE

Karen Ross, Secretary

July 2, 2012

**Referendum to Consider a Proposed Increase in the
California Beef Council Assessment Rate**

Voting Deadline: August 1, 2012

TO THE CALIFORNIA BEEF PRODUCER ADDRESSED:

Upon a request by the California Cattlemen's Association, the Department of Food and Agriculture (CDFA), is currently conducting a referendum among beef producers in the state to determine whether or not the California Beef Council assessment rate should be raised from the current rate of \$1.00 per head to a new rate of \$2.00 per head paid on each sale of cattle or calves. *If approved, the new assessment would go into effect on January 1, 2013, and all funds generated from the additional \$1.00 per head increase would remain in California for use by the Council to conduct promotion, education, and research activities on behalf of the California beef industry.* For more background on the California Beef Council assessment, the related National Beef Checkoff assessment, and specific assessment provisions for the two respective programs, please see the reverse side of this notice.

Enclosed with this letter are a referendum ballot and a postage-paid return envelope. You were sent this mailing because you previously certified to CDFA that you or the firm you represent is an eligible beef producer. If you would like to participate in this referendum, please complete all applicable sections on the ballot and submit it to CDFA in the envelope provided. Ballots must be postmarked or otherwise received by this office no later than **August 1, 2012**.

In order for the proposed assessment rate increase to be implemented, at least 60 percent of the beef producers participating in this referendum must vote in favor of the proposed increase. The results of this referendum will be announced after the voting period has ended and all ballots have been tabulated. All information provided on individual ballots will be kept confidential.

If you have questions regarding this referendum, please contact Joe Monson of this office at (916) 900-5018. For questions concerning activities of the California Beef Council, please contact Bill Dale, Executive Director of the California Beef Council, at (916) 925-2333.

Sincerely,

Robert Maxie, Chief
Marketing Branch

Enclosures

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Background on the California Beef Council and the National Beef Checkoff

California beef producers are currently subject to two mandatory beef promotion programs: the local California Beef Council (CBC), which was established in 1954, and the federal Beef Promotion and Research Order (National Beef Checkoff), which was established in 1985. Each of these programs has a mandatory assessment of \$1.00 per head, but the federal program stipulates that \$0.50 may stay with a qualified beef promotion program in the state from which the assessment originated. Additionally, any assessments collected in excess of \$1.00 per head may also stay in the state of origin. California beef producers currently meet their obligations to both the CBC and the National Beef Checkoff by paying \$1.00 per head to the CBC, which in turn forwards \$0.50 per head to the federal program. If the proposed assessment increase is approved, the additional \$1.00 per head would remain in California for use by the California Beef Council. In other words, the California Beef Council would retain \$1.50 per head and the National Beef Checkoff would receive \$0.50 per head.

Important Assessment Distinctions between the California Beef Council and the National Beef Checkoff, and Implications of the Proposed Rate Increase

- **Calves weighing less than 300 pounds are exempt from the California Beef Council assessment [reference Section 64691 (a)(4) of the Food and Agricultural Code]**
Currently, calves that weigh less than 300 pounds are subject to a \$1.00 per head assessment as mandated by the National Beef Checkoff. However, the California Beef Council Law does provide an assessment exemption for calves weighing less than 300 pounds. Therefore, if the proposed assessment increase is approved by voters, calves weighing less than 300 pounds would not be subject to the additional \$1.00 per head assessment, but would continue to be subject to the current \$1.00 per head assessment. All cattle weighing 300 pounds or more would be assessed \$2.00 per head.
- **A 10-Day Non-Producer exemption exists under the National Beef Checkoff and extends to the state Beef Council assessment [reference Section 64702 (b)]**
Currently, cattle that are owned less than 10 days and resold are not assessed because of an exemption authorized by the National Beef Checkoff. If the proposed assessment increase is approved by voters, cattle owned for less than 10 days and resold would continue to be exempt and no assessment would be collected on such short sale. All cattle owned for more than 10 days would be assessed \$2.00 per head.