

ocm
Organization for
Competitive Markets

Board of Directors

March 28, 2018

Mike Weaver
Fort Seybert, WV
President

The Honorable Kathleen Galgiani,
Chair
Senate Committee on Agriculture
1020 N Street, Room 583
Sacramento, CA 95814

The Honorable Scott T. Wilk
Vice-Chair
Senate Committee on Agriculture
1020 N Street Room 583
Sacramento, CA 95814

Don Stull
Lawrence, KS
Vice President

Judith Heffernan
Rocheport, MO
Secretary

RE: Opposition to Senate Bill No. 965

Dear Chair Galgiani and Vice-Chair Wilk:

Vaughn Meyer
Reva, SD
Treasurer

On behalf of the Organization for Competitive Markets (OCM), we write to strongly oppose Senate Bill No. 965 (SB 965). While we greatly appreciate and acknowledge the changes from last year's Assembly Bill 243 (AB243) now reflected in SB 965, there remain very fundamental taxpayer safeguards issues that requires us to oppose SB 965,

Mike Callicrate
St. Francis, KS
Past President

OCM a leading national organization working to insure Commodity Checkoff Programs support those family farmers and ranchers who are mandated to pay checkoff assessments. In this effort, we are leading a national coalition of organizations that together represent over 250,000 of America's family farmers and ranchers in this effort.

John Boyd, Jr.
Baskerville, VA

Jonathan Buttram
Albertville, AL

Al Davis
Hyannis, NE

The basis for our opposition is the acknowledgement that in the event SB 965 becomes law in California, the mandatory assessments contained in the legislation would be government state funds and not producer or association funds. These assessments are not voluntary. The government assessments are mandated with a serious penalty of \$100 per animal sold for failure to pay. After 60 days, and only by filling out paperwork at the sales yard for each head of cattle, may the taxpayer have their assessments refunded. In their court decision, *Johanns v. Livestock Mktg. Ass'n*, 544 U.S. 550 (2005), the U.S. Supreme Court has held these types of assessments are used for "Government Speech" and are not voluntary.

John Hansen
Lincoln, NE

Joe Logan
Kinsman, OH

Paul Muegge
Tonkawa, OK

In recognition of the above acknowledgement OCM continues to have extreme concerns in regard to the following issues:

Chris Petersen
Clear Lake, IA

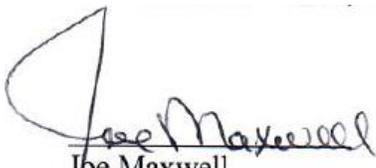
1. While SB 965 restricts the Commission from lobbying, hiring a lobbyist or allowing an employee to lobby, from our years of experience and as evidenced in other states, there must be a strict ban on the assessment funds from being used to lobby and that no organization that lobbies should receive the funds. Anything

less only results in abuses to the taxpayer/producer who is mandated to pay the mandatory state funds.

2. While SB 965 does require that internal audits be conducted and the audit report to be made public, these provisions do not go far enough to ensure the assessment funds are being expended in accordance with the purpose for which they are assessed. The legislation must require that the state conduct regular audits of these state funds and that this state audit should be released to the public along with the financial documents supporting the audit. Further, the funds should be subject to the legislative budgeting process.
3. While SB 965 does attempt to address the issue of public information it fails to specifically clarify that financial records are public records. The legislation should ensure that all financial documents, receipts and expenditures of the Commission are public records and are subject to an open records request. Further, all state assessment expenditures and invoices of not only the Commission but all of state assessment expenditures of those the Commission contracts with should be public information and subject to an open records request. Except for the names of those making the payments, no financial records, receipts, expenditures or invoices should be deemed proprietary.
4. SB 965 would allow Commission meetings to be closed from the public. The meetings of the actions of the Commission should be conducted in open meetings governed by existing California state law.
5. The state assessment funds should be used for the sole purpose of promoting California Beef (from cattle born and raised in California) and for the benefit of those mandated to pay the assessment. With the lax federal regulations on the labeling of imported beef as "Product of the U.S.A." anything less only benefits the large multi-national corporations which currently control the U.S. beef market.

We want to thank you for affording us the opportunity to express our concerns and opposition to SB 965.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Maxwell". The signature is written in a cursive style with a large initial "J".

Joe Maxwell
Executive Director, Organization for Competitive Markets