

**Reminders about Beef Checkoff Regulations:**

- The Federal Beef Checkoff law prevents beef council staff and anyone speaking on behalf of the Beef Checkoff (TBC Directors) from engaging in legislation or regulation.
- If a Beef Checkoff representative (staff or board) is asked to engage on a legislative or regulatory topic, they should start by reminding the audience that the law prevents such engagement. However, they can share facts about the Beef Checkoff program, including how it is structured, what oversight exists, and what programs are delivered. They must stop short of offering opinion (pro or con).
- Prohibitions are outlined in the Beef Act and Beef Order.
  - **Beef Promotion and Research Act**, Section 5, Paragraph 10:
    - The Order shall prohibit any funds collected by the Board under the Order from being used in any manner for the purpose of influencing governmental action or policy, with the exception of recommending amendment to the Order.
  - **Beef Promotion and Research Order**, 1260.169:
    - d)** in carrying out any plan or project of promotion or advertising implemented by the Beef Promotion Operating Committee, no reference to a brand or trade name of any beef product shall be made without the approval of the Board and the Secretary. No such plans or projects shall make use of any unfair or deceptive acts or practices, including unfair or deceptive acts or practices with respect to the quality, value or use of any competing product,
    - e)** no funds collected by the Board under this subpart shall in any manner be used for the purpose of influencing governmental policy or action, except to recommend to the Secretary amendments to this part.
- Bottom Line:
  - Beef Checkoff representatives are prohibited from engaging positively or negatively about legislation or regulation.
  - Beef Checkoff representatives can share facts about how the checkoff program operates at the state and national level.

DO NOT REDISTRIBUTE

### **Facts about the current Beef Checkoff Program:**

- When the checkoff law was written and adopted in 1985, it was based on producer (investor) expectations to use financial resources for programming, not overhead costs.
- They designed the program to use existing industry organizations to execute programs, and they put a cap on the funds the Cattlemen's Beef Board could use to administer the program.
- Strict parameters were written into the law, defining what qualifies a checkoff "contractor". These parameters define that organizations must be:
  - In existence for at least two years,
  - national in scope,
  - governed by industry organizations,
  - non-profit, and
  - do the work on a cost-recovery basis.
- The law prevents funds from being used to lobby government.
- The law prevents unfair or deceptive practices against competing products.
- The law requires an annual audit of activities and accounting for the Cattlemen's Beef Board and Qualified State Beef Councils.

### **State Organizations may add additional levels of compliance and oversight, and all these practices occur in Texas:**

- Hiring processes and internal philosophies about staff accountability.
- Audit conducted annually by a third-party CPA.
- Our collection process, including receipt of funds, deposit, and oversight of disbursement, is rigorous and uses multiple steps to ensure compliance to good accounting practices.
- BPRCT has oversight by Texas Department of Agriculture.
- In all states, ultimate authority is held by the USDA, which qualifies the state council.