

Questions and Answers
on the
Oregon
Commodity Commission Act



ORS Chapter 576

FEDERAL COOPERATIVE EXTENSION SERVICE ✓ **OREGON STATE COLLEGE** ✓ **CORVALLIS**

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Foreword

This leaflet presents questions and answers bearing on various aspects of the Commodity Commission Act as passed by the Oregon Legislature. It is to serve as a convenient source of information for those having a general interest in the Act and what it provides. The questions are those most frequently asked by persons interested in the various provisions of the law. The answers were prepared from the best available sources as a joint undertaking by Extension Service and State Department of Agriculture personnel. For more specific or complete information you may examine the Act in its entirety or seek appropriate legal counsel.

The Extension Service distributes this Circular with a desire to aid in answering many questions raised by farmers and to bring about a more general knowledge of Commodity Commissions and their operation as provided for by Oregon law.

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Questions and Answers on the OREGON COMMODITY COMMISSION ACT

(Oregon Revised Statutes, Chapter 567)

What is a Commodity Commission?

A unit of state government set up to act on behalf of all producers of the specified commodity.

What can a Commission do?

- 1) Conduct applied scientific research.
- 2) Disseminate reliable information based upon such research.
- 3) Study legislation affecting their commodity and lobby for or against it on behalf of producers.
- 4) Sue and be sued.
- 5) Contract for others to carry out the objectives of the Commission.
- 6) Make grants to research agencies.
- 7) Enforce collection of taxes levied for the Commission.
- 8) Hire employees and set their compensation.
- 9) And other pertinent acts.

Who can form a Commission?

A two-thirds majority of all those producers voting on the question. The total ~~affirmative~~ votes cast must have been by producers of at least one-third of the quantity of the commodity produced in the state in the last preceding crop season or year.

What is the reason for this law?

Basically it is for the purpose of raising money from all producers of the commodity to perform stated things for the welfare of those producers.

Why not raise the money through general taxation?

Since the money is used for the promotion of one commodity only, the general run of taxpayers would probably oppose such use of general tax funds.

Can all producers vote?

All producers of the commodity for market may vote, provided they have registered with the department at least 20 days prior to the referendum.

How do producers register to vote?

The law does not specify. Normally the department mails registration forms to known producers and publishes notification to others eligible.

Who decides who can vote?

The State Department of Agriculture.

Does such a Commission continue forever?

Unless repealed by a referendum vote of the producers involved. Such a referendum cannot be invoked until the Commission has been established for at least five years. If such a referendum fails, then another cannot be held until five more years have passed.

Can a Commissioner be recalled?

Like the members of other Oregon Boards and Commissions they can be removed by the Governor. They are not subject to recall by vote of the people.

How are the members of the Commission selected?

By the Governor of Oregon. Normally he solicits the advice and suggestions from among those persons interested in the production and handling of the commodity.

What volume of vote is required to discontinue a commission?

The law does not specify. The question has not been tested and it may require a clarifying amendment by the legislature.

How many members of such a Commission?

From 5 to 11. The petition for organization may specify the number.

What are the qualifications required to be appointed?

- 1) A majority shall be producers.
- 2) At least one member shall be a handler.
- 3) The State Director of Agriculture and the Dean of the school of agriculture or their respective representatives shall be ex officio members. On a Seafoods Commission, if created, the chairman of the Fish Commission or his official representative shall be the third ex officio member.

What are the more specific qualifications for appointment?

- 1) Each producer member must be an active producer who derives a substantial proportion of his income from the commodity.
- 2) The handler member shall have a similar interest in the commodity.

Can a Commission be set up for only part of those objectives?

Yes. By setting forth specific objectives in the original petition is one such method.

How much tax can a Commission levy on growers?

Not to exceed 1½% of the average unit price received by the producer on the farm after severance and before packaging or processing during the preceding three years. However, by a referendum vote such levy could be as high as 10%. The original petition may specify the amount to be levied. (Although never tested in court it is assumed that the same voting majority would be required as in establishing a Commission.) A Beef Commission, if created, may assess an identical amount per animal on those sold for slaughter or shipped out of the state.

How is the tax collected?

From the first buyer or handler. Alternative methods may be developed. A Beef Commission tax may be collected with state brand inspection fees.

Does a Commission have power to enforce collection of tax or levy on any portion of the commodity sold in another state?

Yes. If the first buyer, located in another state, will not make the payments then the producer is liable for making the payments.

Can funds be earmarked for a specific purpose?

Yes.

Can processors participate?

Yes. A Commission may accept gifts or donations for furtherance of their objectives.

How are Commissions started?

By these steps:

- 1) Prepare a petition that names the commodity, gives reasons for a Commission and gives any specific limitations on powers, number, and location of Commissioners and other points spelled out in the law.
- 2) Get 25 or more persons interested in the production of the commodity to sign the petition.
- 3) Send the petition with a filing fee of \$250 to the State Department of Agriculture.

Then what happens?

The department prepares an estimate of how much it will cost to hold hearings and the proposed referendum. Within 30 days after they receive these cost estimates the petitioners must remit the balance above the first \$250 or the petition dies.

What is the next step?

Within 60 days the department shall set hearing dates in each congressional district where at least 5% of the commodity is produced. If the petition filed with the department is signed by more than 50% of the total number of producers, or by those producing more than 50% of the total state production, hearings may be eliminated if such request is included in the petitions.

What happens after the hearings?

The department determines whether or not there is need for a Commission. If the hearings are favorable then an election is arranged. If they are unfavorable then the question cannot be revived for at least one year. This applies also following the filing of an unfavorable referendum result.

On what questions or points are the hearings based?

- 1) Current price to producers
- 2) Cost of production
- 3) Price trends
- 4) Possibility of making improvements through research, advertising, improved market practices, and similar factors.

How are production records obtained?

From handlers and others in a position to know, including U. S. Department of Agriculture, Oregon State College, or the producers themselves. Overall production total is filed with the County Clerk and a copy placed in the County Extension Agent's office.

How is the referendum held?

Under rules and at times and places determined by the State Department of Agriculture.

Are producers required to pay the levy on sales direct to consumers?

Casual sales are exempted. The word "casual" has not been defined in the act nor tested by court action.

Are the Commissioners paid?

Their actual traveling expenses incurred on official business plus a reasonable per diem if the Commission should so decide.

How long is the term of a Commissioner?

A maximum of three years. The first group will have staggered terms, all within the first three-year period.

