

Questions and Answers
on the
Oregon
Commodity Commission Act



ORS Chapter 576
(as amended by Chapter 596, Oregon Laws 1959)

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 Oregon Commodity Commission Act as revised by the 1959 session of the Oregon Legislature. It is aimed to serve as a convenient source of information for those having a general interest in the Act. The questions and answers were prepared as a joint undertaking by Extension Service and State Department of Agriculture personnel. For more specific or complete information, you are referred to ORS Chapter 576 as amended by Chapter 596, Oregon Laws of 1959.

The Extension Service distributes this leaflet to aid in answering many of the questions raised by producers and handlers and to bring about a more general knowledge of Commodity Commissions and their operation.

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Questions and Answers on the OREGON COMMODITY COMMISSION ACT

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 assessments 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 votes cast must have been by producers of at least one-third of the quantity of the commodity produced in the state.

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 State Department of Agriculture during a period of at least 20 days provided by the department, 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, subject to provisions of the Act.

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, taking into consideration any recommendations made to him by producers or producer's organizations.

What volume of vote is required to discontinue a commission?

The same as that required to create a commission. (See ORS 576.115(3).)

How many members of such a Commission?

From 5 to 11. The petition for organization may specify the number and their appointment from specified geographical areas.

What are the qualifications required to be appointed?

- 1) A majority and all others than handlers shall be producers.
- 2) At least one member may 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) Handler members shall have a similar interest in the commodity.

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

Yes. By setting forth or limiting it to specific objectives in the original petition is one such method.

How are Commission budgets developed and approved?

Annual budgets commencing July 1 are adopted by each commission following a public hearing; then submitted to the Director of Agriculture for checking and filing with the Secretary of State.

How large an assessment can a Commission levy on growers?

Not to exceed $1\frac{1}{2}\%$ 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. 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 assessment collected?

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

Does a Commission have power to enforce collection of assessment 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.

Are any producers required to make direct payment of assessments on sales within Oregon?

Yes, grower-processors and grower-handlers are so required.

How are commission funds handled and disbursed?

Deposited as received in a bank approved as a state depository, and withdrawn by commission checks with two bonded signatures.

Are commission records and accounts subject to state audit?

Yes, as for all state agencies.

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 conduct 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. A supplemental budget estimate may be submitted later by the department if found needed to complete necessary procedures.

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 a referendum is arranged by the State Department of Agriculture. 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 the producers required to pay assessment on sales direct to consumers?

"Casual sales" direct to consumers are exempted. Each commission by regulation, establishes casual sales of its commodity which shall be exempt from payment of assessment.

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?

Three years. The first group will have staggered terms, all within the first three-year period. They can be re-appointed.