

Questions and Answers
on the
Oregon
Commodity Commission Act



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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.

J. R. BECK
Assistant Director
Extension Service
Oregon State College

Questions and Answers on the OREGON COMMODITY COMMISSION ACT

(Chapter 489 as amended by HB 574-1955)

What is a Commodity Commission?

A unit of state government set up to act on behalf of all growers of the specified farm 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 growers.
- 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 growers voting on the question. But, the total affirmative vote cast must have been by growers of at least one-third of the quantity of the commodity.

What is the reason for this law?

Basically it is for the purpose of raising money from all producers of a 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 growers vote?

All growers of the commodity whose sales were \$500 or more in any one of the three years preceding the referendum. There is an exception in the case of cattle, sheep or swine. Here the grower must have owned 10 or more of the type of animals for which a commission is sought during the year preceding the vote.

Who decides who can vote?

The State Department of Agriculture.

Does such a Commission continue forever?

Unless repealed by a referendum vote of the growers 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 growers.
- 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.

What are the more specific qualifications for appointment?

- 1) Each grower 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 $1\frac{1}{2}\%$ 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. (Although never tested in court it is assumed that the same voting majority would be required as in establishing a Commission.)

How is the tax collected?

From the first buyer or handler. Alternative methods may be developed.

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 county where at least 5% of the commodity is produced. If no one county in a congressional district has a production equal to 5%, but the total production for the entire district equals or exceeds 5%, then a hearing must be held in that congressional district.

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.

On what questions or points are the hearings based?

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

How is the referendum held?

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

How are the poll books set up?

By the department from information gleaned from handlers and others in a position to know. These determinations are filed with the County Clerk and a copy placed in the county Extension agent's office.

Are growers 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.

