

March 9, 2020

The Honorable Collin Peterson
Chairman
Committee on Agriculture
United States House of Representatives
Washington, DC 20515

The Honorable Michael Conaway
Ranking Member
Committee on Agriculture
United States House of Representatives
Washington, DC 20515

The Honorable Jim Costa
Chairman
Subcommittee on Livestock and Foreign
Agriculture
Committee on Agriculture
United States House of Representatives
Washington, DC 20515

The Honorable David Rouzer
Ranking Member
Subcommittee on Livestock and Foreign
Agriculture
Committee on Agriculture
United States House of Representatives
Washington, DC 20515

Dear Chairman Peterson, Chairman Costa, and Ranking Members Conaway and Rouzer:

The President's fiscal year 2021 budget request includes a user fee proposal for the U.S. Department of Agriculture (USDA) Agricultural Marketing Service Packers and Stockyards Division (PSD). We urge you to reject the Administration's request to shift the burden of this program to a tax on the regulated community.

The proposal described in the 2021 USDA budget summary calls for a Packers and Stockyards license fee to cover program costs. This would be an inequitable shifting of the burden of the program onto the regulated community. Beneficiaries of the PSD are the livestock and poultry industry as a whole and livestock producers and poultry growers in particular, not necessarily regulated entities (i.e., livestock market agencies, dealers, stockyards, packers, live poultry dealers, and swine contractors).

The PSD "promotes fair business practices and competitive environments to market livestock, meat, and poultry." Indeed, the effect is even broader according to the PSD website: "PSD's work protects consumers and members of the livestock, meat, and poultry industries."¹

Activities carried out by PSD such as requiring payment protection mechanisms (*i.e.* bonds, custodial accounts) and prohibiting deceptive practices, are done for the benefit of those who conduct business with the regulated entities, many of whom are not subject to PSD jurisdiction. As such, the cost of the program should continue to fall on the broader beneficiaries through appropriations.

The budget proposal estimates that the proposed user fees would generate \$12 million annually in revenue for the PSD. According to the PSD 2018 annual report, 6,226 entities are regulated by the program.² Spread equally, this new tax would cost each entity nearly \$2,000. Many are small, family-owned businesses that would be significantly damaged by this additional financial burden.

¹ <https://www.ams.usda.gov/about-ams/programs-offices/fair-trade-practices>

² <https://www.ams.usda.gov/sites/default/files/media/PSDAnnualReport2018.pdf>

Additionally, a user fee would encourage the PSD to expand activities for which it could collect user fees, while providing less incentive to manage program costs, improve results, and be efficient.

Congress should continue to reject proposals to assess new user fees, either in whole or in part, to fund the Packers and Stockyards Division.

Thank you for your consideration and leadership on federal appropriations in general and agriculture issues in particular. We look forward to continuing to work with you on Packers and Stockyards Division issues. A similar letter is being sent to the Chairman and Ranking Member of the Committee on Agriculture.

Sincerely,

American Farm Bureau Federation
American Sheep Industry
Livestock Marketing Association
National Cattlemen's Beef Association
National Pork Producers Council
North American Meat Institute
United States Cattlemen's Association