

As of July 1, 2002, all members of the sheep industry will be participating in the new lamb checkoff created by the Lamb Promotion, Research & Information Order. Assessments will be used for American lamb programs. Funds and programs will be managed by a Board of Directors, which will be appointed this fall by the U.S. Department of Agriculture (USDA). This pamphlet is provided by the American Sheep Industry Association (ASI) with basic explanations of the checkoff to assist you with the implementation of this program. This pamphlet is not an official legal document but rather a guide to help explain the checkoff collection and remittance system. The official Federal Register notice of the regulation published June 7, 2002 can be found at www.ams.usda.gov/lsg/mpb/rp-lamb.htm, or contact Marketing Programs Branch, AMS/USDA at 202/720-1115.

American Lamb Checkoff

All sheep are subject to the assessment (all feeder and market lambs and all breeding stock and cull animals) when sold.

General operation of this checkoff is to have the purchaser collect the assessment with a deduction from the sales proceeds of the seller and carry the funds forward to point of slaughter or export at which time the checkoff is collected and sent to the Board.

➤ Who Will Be Assessed

- Producers
- Seedstock producers
- Exporters
- Feeders
- Packing plants

Lamb importers will not be assessed, but purchasers of live lambs from Canada should contact the USDA.

➤ Rate of Assessment

One-half cent (\$.005) per pound of live lambs (ovine animals of any age) sold by producers, seedstock producers, exporters & feeders.

30 cents (\$.30) per head of lambs purchased for slaughter by first handlers. A *first handler* is defined as an entity that takes possession of the lambs for slaughter (including custom slaughter) or sale directly to the consumer. First handlers will usually be packing plants, but possibly producers and feeders.

Marketing agencies (sale barns) will not be assessed but will be required to collect assessments from the producer, feeder or seedstock producer and pass it on to the subsequent purchaser.

➤ Assessments for Direct Marketers

Persons who are both producer and first handler (one who processes lamb or lamb products of their own production and markets the products) will be assessed one-half cent per pound on the live weight at the time of slaughter and will be required to pay an additional assessment of \$.30 per head.

➤ How It Works: Collection and Remittance

Each producer, feeder or seedstock producer is obligated to pay that portion of the assessment that is their share and pass it on to the subsequent purchaser – ultimately reaching the first handler or exporter, who will remit the total assessment. If a person is both producer and first handler, they will be responsible for remittance.

Assessments **MUST** be remitted to: Lamb Promotion, Research & Information Program, c/o the Secretary at USDA, 23039 Network Place, Chicago, IL 60673-1230. The USDA is receiving assessments until the Board becomes functional. Assessments must be sent with Form LS-81, Monthly Remittance Report, found at www.ams.usda.gov/lsg/mpb/lamb/lambforms.htm.

Remittances are due no later than the 15th day of the following month in which lambs or lamb products were purchased for slaughter or export. Thus, assessments due on a lamb sold for slaughter in July will be due August 15th. If the 15th day of the month falls on a weekend or holiday, then the assessment will be due the next business day. Late payment charges will be assessed by increasing unpaid assessments by 2% each month.

If a person has sought non-producer status as described under “Exemptions”, a copy of the form for Certification of Non-Producer Status needs to be provided to the subsequent purchaser. This form should be forwarded with remittances.

Each person collecting an assessment must give the person from whom the assessment was collected a receipt. This receipt should include:

1. Name and address of the person collecting the assessment;
2. Name of the person who paid the assessment;
3. Number of head of lambs sold;
4. Total weight in pounds of lamb sold;
5. Total assessments paid by the producer, seedstock producer or feeder;
6. Date of sale.

➤ **Additional Notes on Collection and Remittance**

If more than one producer, feeder or seedstock producer shares the proceeds from the sheep sold, each is obligated to pay that portion of the assessment proportionate to its share of the proceeds.

Failure of a person to collect the assessment from a producer, feeder or seedstock producer does not relieve the producer, feeder or seedstock producer of their obligation to pay the assessment.

➤ **Exemptions**

The order allows for a 10-day hold period during which no assessments are due if the sheep is sold before the period expires. Thus, market agencies – i.e., commission merchants, auction markets, brokers or livestock markets in the business of receiving lambs for sale or commission -- are generally exempt from paying the assessment.

Any person seeking an exemption must complete a form certifying that the sheep were resold no later than 10 days from the date on which the market agency acquired ownership. A copy of Form LS-78, Certification of Non-Producer Status can be found at:

www.ams.usda.gov/lsg/mpb/lamb/lambforms.htm. The completed form should be given to the subsequent lamb purchaser to include with remittances.

It should be noted that although market agencies are exempt from the assessment, **they are responsible for ensuring that they collect the assessment from the seller and pass it on to the subsequent purchaser.**

➤ **Reporting Requirements and Records**

Books and records must be made available for inspection to verify any required reports. Records must be retained for three years.

➤ **Refunds**

The order calls for a delayed referendum to be conducted no later than three years after assessments begin. It also provides the right for any producer, seedstock producer, feeder, first handler or exporter to receive a refund, or pro rata share thereof, of their assessments paid during the pre-referendum period. The refund is available whether the referendum passes or not. Refunds will be made within 90 days after the results of the referendum are announced.

Refund requests require a refund application, Form LS-85, Application for Refund, found at www.ams.usda.gov/lsg/mpb/lamb/lambforms.htm. The form must be accompanied by proof of payment of assessments and are due no later than 60 days from the date the assessments were paid.

EXAMPLES

Packer purchases a 130 pound lamb. (.005 x 130 pounds = \$0.65) will be deducted from the seller's proceeds and remitted to the checkoff by the packer. The packer must also remit an additional 30 cents at slaughter to the checkoff.

Producer sells 80 pound feeder lamb. (.005 x 80 pounds = \$0.40) is deducted from his/her proceeds by the feeder. The feeder carries that 40 cents forward as his sale proceeds will be deducted for the final live weight of the lamb at slaughter. The lamb weighs 130 pounds at slaughter. The feeder forwards the assessment on the weight gain (.005 x 50 pounds = \$0.25) as well as the prior assessment of 40 cents (\$0.40 = \$0.25 = \$0.65) to the packer. Since it is the point of slaughter, the packer will remit the 65 cents to the checkoff plus his 30 cent assessment.

Producer sells 200 pound cull ewe. (.005 x 200 pounds = \$1) is deducted from his proceeds by the auction barn and the purchaser carries that assessment forward to the point of slaughter or export, at which time the final weight is assessed and funds are remitted to the checkoff. The auction barn completes the non-producer status form to show it is exempt from the checkoff.

Producer has a 65 pound lamb custom slaughtered for sale to the consumer. Producer remits (.005 x 65 pounds = 32.5 cents) plus 30 cents first handler assessment to the checkoff.