



INSTRUCTIONS FOR IMPLEMENTING THE NATIONAL SOYBEAN PROMOTION AND RESEARCH ORDER

Collecting Soybean Assessments

Who Pays: All soybean producers in all soybean producing states participate in the checkoff program. The only exception is a producer who holds a current Certificate of Exemption issued by the United Soybean Board. – (See pg. 3 *Organic Soybean and Producers*). Exempt producers must provide all first purchasers they transact with a copy of their Certificate of Exemption.

Who Collects: The first purchasers (elevator, terminal, processor, seed producer, trucker or extruder, etc.) collect the checkoff from the producer. First purchasers are required to collect on all soybeans purchased, regardless of the state-of-origin.

- A) Each first purchaser making payment to a producer for soybeans marketed by a producer shall collect from that producer at the time of settlement of that producer's account.
- B) A first purchaser who purchases soybeans pursuant to a contract with a producer, either on a volume basis or on a per acre basis, shall be responsible for remitting.
- C) Any producer marketing processed soybeans or soybean products of that producer's own production either directly or through retail or wholesale outlets shall be responsible for remitting.
- D) Any producer marketing processed soybeans or soybean products of that producer's own production shall be responsible for remitting.
- E) A producer delivering soybeans of the producer's own production against a soybean futures contract shall be responsible for remitting.
- F) A producer who forfeits soybeans of that producer's own production that were pledged as collateral on a loan issued by Commodity Credit Corporation shall pay an assessment.

If more than one producer shares the proceeds received for the soybeans marketed, each such producer is obligated to pay that portion of the assessments, which is equivalent to each producer's proportionate share of the proceeds.

Out-of-State: First purchasers are required to collect checkoff on soybeans grown in another state just as they would on soybeans grown in Minnesota. Such soybeans are to be listed by state-of-origin on the remittance reports.

How Much: One-half of one percent (.005) of the net market price, "net" is after moisture and quality discounts or premiums, but before any deductions for storage, handling or other services.

When: Checkoff collections are made when the producer is paid. Under deferred pricing it is preferred that the deduction be made at the time the contract is settled and the producer receives a check. When a first purchaser is involved with minimum pricing contracts, the checkoff is to be collected on the market value of the soybeans at the time the first purchaser buys them.

Commodity Credit Corporation (CCC) Loans: If a producer pledges soybeans grown by that producer as collateral for a loan issued by the Commodity Credit Corporation, and if that producer forfeits said soybeans in lieu of loan repayment, the Commodity Credit Corporation shall at the time of the loan settlement, collect from the producer the assessments due based on 0.5 percent of the principal loan amount received by the producer and remit the assessment to the Qualified State Soybean Board in the State in which the soybeans were pledged.

Non-Compliance: First purchasers who willfully violate any provision or who fail or refuse to pay, collect, or remit any assessment or fee duly required of the person may be assessed (A) a civil penalty of not more than \$1,000 for each such

violation; and (B) in the case of a willful failure to pay, collect, or remit an assessment, an additional penalty equal to the amount of such assessment. Each violation shall be a separate offense.

Documentation: Each first purchaser responsible for remitting an assessment to a Qualified State Soybean Board or the United Soybean Board is required to give to the producer from whom the first purchaser collected an assessment written evidence of payment of the assessment containing the following information:

- (1) Name and address of the first purchaser;
- (2) Name of producer who paid assessment;
- (3) Number of bushels sold;
- (4) Net market price;
- (5) Total assessments paid by the producer;
- (6) Date;
- (7) State in which soybeans were grown.

**Remitting Soybean Assessments to the
QSSB (Minnesota Soybean Research and Promotion Council)**

Remittance: First purchasers must send collected funds and the completed official remittance report to their qualified state soybean board no later than the last day of the month following the month which the transactions took place. **All remittances must be paid by check or money order payable to the Minnesota Soybean Research & Promotion Council. Remittance reports must be sent in monthly. A late payment charge of 2% will be added each month to assessments not remitted on time. If there is no amount to remit, indicate -0- on the report, sign it and send it in.**

Forms: Official federal remittance forms are required. They are distributed and available from the Minnesota Soybean Research & Promotion Council office.

**Completing the Remittance Form
Please fully complete the following fields – Examples are listed in the boxes below**

State-of-Origin: State in which the soybeans are grown.

Number of Bushels Purchased: Total bushels of soybeans purchased by the entity in the given monthly reporting period. Total bushels of soybeans subject to checkoff assessment for the entity in the given monthly reporting period. This amount will reflect any quality discounts/premiums on a per bushel basis, or secondary purchases. Deductions for storage, handling, transportation or other services are not permitted before the SPARC assessment. (See calculation example below)

Net Market Value of the Assessed Bushels: Total market value of all soybeans subject to checkoff assessment. This amount will reflect any price discount/premium given for quality. (See calculation example below)

Total: Total soybean checkoff assessment due to the Minnesota Soybean Research & Promotion Council. Net Market Value times the current assessment rate of one-half of one percent (.005).

STATE OF ORIGIN	NUMBER OF BUSHELLS PURCHASED	NUMBER OF BUSHELLS ASSESSED	NET MARKET VALUE OF ASSESSED BUSHELLS	RATE	TOTAL
MN	10,500.00	10,500.00	\$ 94,500.00	x .005 =	\$472.50
IA	10,500.00	10,000.00	\$ 90,000.00	x .005 =	\$450.00
SD	10,500.00	10,500.00	\$ 90,090.00	x .005 =	\$450.45

Calculation: The Soybean Research and Promotion Checkoff funds are to be deducted after any quality discounts and before any storage, handling or other charges. If a deduction for quality needs to be made, please use the examples below for making the proper deductions.

EXAMPLE 1 - Weight Discounts

Use this method if a weight discount is used to deduct for quality deficiencies:

Gross Bushels	10,500.00
Less: Quality Discount (Weight for Moisture, Damage, Foreign Material or Test Weight)	<u>- 500.00</u>
Net Bushels	10,000.00
Price per Bushel	<u>X \$9.00</u>
Net Dollars	\$90,000.00
Checkoff Rate	<u>x .005</u>
Soybean Promotion and Research Checkoff Investment	\$ 450.00

EXAMPLE 2 - Price Discounts

Use this method if the price is discounted to deduct for quality deficiencies:

Gross Bushels	10,500.00
Price (Adjusted for quality discount)	<u>x \$8.58</u>
Gross Dollars	\$90,090.00
Checkoff Rate	<u>x .005</u>
Soybean Promotion and Research Checkoff Investment	\$450.45

Deductions for storage, handling, transportation or other services are not permitted before the SPARC assessment.

Soybean Assessments and Seed Producers

Seed is defined as: Any seed by which a new soybean plant can be grown, including those developed through both conventional and biotechnological breeding methods.

Soybean Seed Conditioner – If you are a soybean seed conditioner and purchase soybean seed for resale, as a first purchaser, you are responsible for deducting, collecting and remitting the soybean checkoff.

Soybean Seed Grower – All soybeans, which are raised and sold for seed, are subject to the soybean checkoff.

Wholesale Seed Sales – For wholesale seed sales between seed dealers, it is the responsibility of the individual or company selling the seed to ensure that the soybean checkoff has been deducted and remitted.

The Federal Rules and Regulations governing soybean checkoff procedures refers to soybeans sold as seed under Subsection 1220.311 (c) and states: “Such assessments shall be based upon .005 percent of the net market price specified or established in the contract and shall be collected at the time of payment to the producer. If the net market value is not established in the contract, the soybeans will be assessed at the county price posted at the local FSA office for the county in which the soybeans are grown.”

Unsold, clean out and discarded seed: If you have paid a producer for the total bushels of un-cleaned seed, you will need to complete a State of Certification of Non-Producer Status (Form LS-48 attached) and provide that document to the local elevator you sell the “clean out” to in order to document that the soybean checkoff has already been paid. The non-producer status form should be submitted on a transactional or annual basis to organizations you do business with.

This also applies to discarded soybean seed and unsold seed at the end of the seed season that is being resold or remarketed. If you have already deducted and remitted the checkoff on these bushels, you will need to supply a non-producer status form to first purchaser in order to avoid having the soybeans checked-off twice.

Organic Soybeans and Producers

Organic Producers & Marketers Exempted From National Portion of Soybean Assessment: In order for a producer to be exempt from soybean checkoff assessment, the producer must meet all of the following:

A producer who operates under an approved National Organic Program (7 CFR part 205) (NOP) organic production system plan may be exempt from the payment of assessments under this part, provided that:

- (1) Only agricultural products certified as “organic” or “100 percent organic” (as defined in the NOP) are eligible for exemption;
- (2) The exemption shall apply to all certified “organic” or “100 percent organic” (as defined in the NOP) products of a producer regardless of whether the agricultural commodity subject to the exemption is produced by a person that also produces conventional or nonorganic agricultural products of the same agricultural commodity as that for which the exemption is claimed
- (3) The producer maintains a valid certificate of organic operation as issued under the Organic Foods Production Act of 1990 (7 U.S.C. 6501-6522) (OFPA) and the NOP regulations issued under OFPA (7 CFR part 205); and
- 4) Any producer so exempted shall continue to be obligated to pay assessments under this part that are associated with any agricultural products that do not qualify for an exemption under this section.
- 5) Hold an Organic Exemption authorization or to apply for an exemption under this section, the producer shall submit a request to the Board on an *Organic Exemption Request Form* (Form AMS-15 attached) at any time during the year initially, and annually thereafter on or before January 1, for as long as the producer continues to be eligible for the exemption.

To receive a copy of the organic exemption request form, please contact the Minnesota Soybean Research & Promotion Council.

For more information on the federal Soybean Research & Promotion Oder, please visit:

<http://www.ams.usda.gov/AMSV1.0/ismarketingprograms>