Testimony of

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On behalf of the

National Cattlemen's Beef Association

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Introduction

Chairman Boozman, Ranking Member Klobuchar, and Members of the Committee, thank you for inviting me here to testify before you today. My name is Buck Wehrbein, and I am a cattle feeder from Waterloo, Nebraska. I grew up on a farm and have managed custom feedlots in Nebraska and Texas since 1984. I have been active in the cattle and beef industry for most of my life and am honored to serve as the 2025 President of the National Cattlemen's Beef Association (NCBA).

NCBA is the oldest and largest trade association representing the U.S. cattle and beef industries. With roots extending as far back as 1898, today we represent over 25,000 direct members and 178,000 through our 44 state affiliate organizations, each of which play a role in crafting the policy positions our organization takes. It is important to note that well over 90 percent of those members are, like myself, family-owned business entities involved in the cow-calf, stocker/backgrounder, and feeding sectors of the supply chain. Each of those members has a voice in our organization's century-old policymaking process, and it is from the resolutions and directives resulting from this process that NCBA takes positions on legislation and proposed regulations.

State of the Cattle Industry

While we in the cattle business face mounting challenges, like everyone else involved in agriculture, I am pleased to report that the overall state of the cattle industry is strong. Cattle prices are setting new records, and consumers both here at home and around the world are still hungry for U.S. beef. Importantly, I should note that this surge in cattle prices and favorable demand pull has occurred without the passage of any legislation which altered the way cattle are marketed and sold.

While we are certainly better off than we have been in years past, there are still significant and persistent challenges facing our members. At several hearings, just like today's, over the past five years, you have heard my predecessors report that input costs were the greatest threat to solvency in the cattle business. While cattle prices today are vastly higher than at any time in that same period, and we have seen some inputs come at lower prices than recent years, I unfortunately have to report that this problem has overall not yet been resolved. For example, in the cattle feeding business which I am involved in, between interest rates, transportation, feed, labor, and even costs of regulatory compliance, the profit margins we are clearing today on roughly $205/cwt. fat cattle are little different than the margins we were making when they were at about $135/cwt. (See Figure 1). We are confident that President Trump's efforts to bring commonsense back to Washington will help to address many of these inflationary pressures, and we stand to ready to work with him to address these issues, but Congress has a role to play as well, as I will elaborate further later on in my testimony.

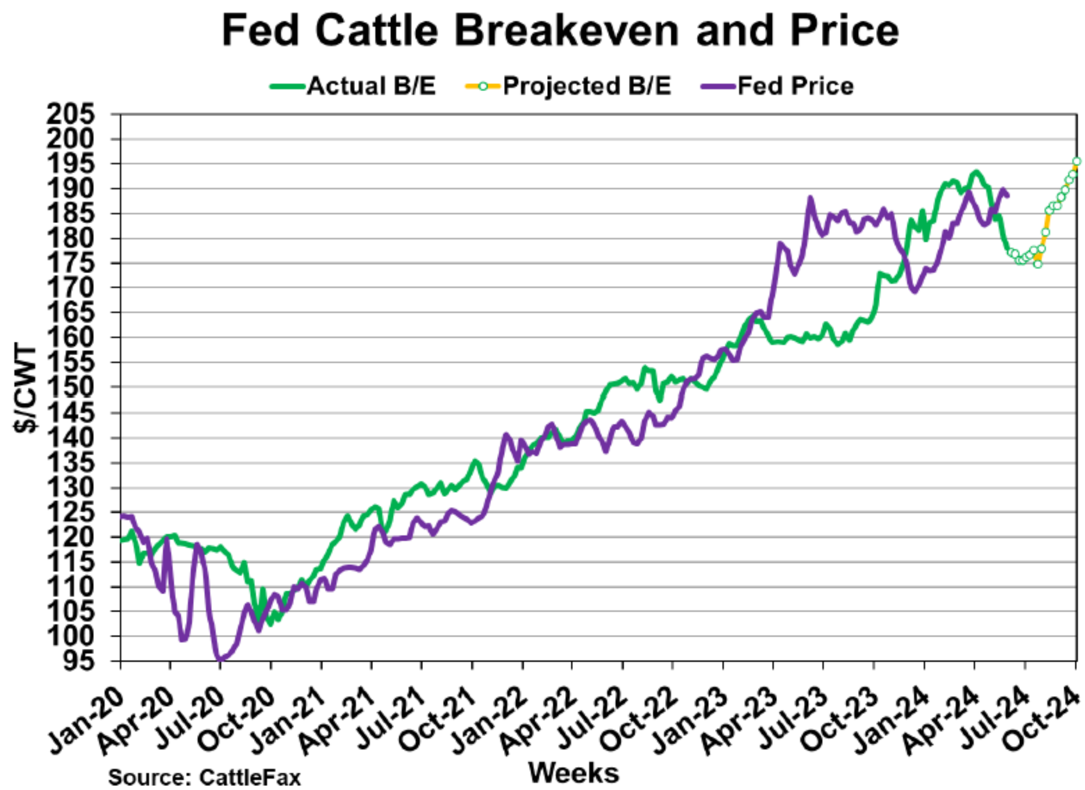

Figure 1

For over 125 years, NCBA has been committed to improving the domestic business climate, expanding export markets, and advocating for regulatory reform—all with one goal in mind: producer profitability. Ask any cattle producer why they carry on in this business, which can have long stretches of frustration and angst, and they will each give you a unique and personal answer. But whether it's the rural lifestyle, working so closely with animals, deep familial ties, or anything else, you have to turn a profit to maintain that motivating factor. There is no such thing as a silver bullet, and NCBA has long opposed, and continues to oppose, direct cash payments to the cattle sector. This does not mean, however, that Congress does not have a role to play in helping every producer, new and old, have a better shot at improving their outlook for profitability and even, perhaps, extending the same chance to the next generation of producers.

As we look for ways to combat inflationary pressures and make it easier for cattle producers to maintain, grow, and pass on their operations, NCBA wishes to draw your attention to the following issues. While this is by no means a complete list, this represents the most dominant issues on producers' minds today.

Unleash Producer Profitability by Rightsizing the Federal Government

The federal government is involved in many parts of the beef cattle supply chain, and at varying times over the past decades, federal agencies have tested the bounds of what is a reasonable role for the federal government in the private production of food and fiber. Beef cattle and production and land management are highly precise and heavily regulated; over time, we have seen layers of bureaucracy added through environmental and market regulations, encroachment into private property rights through requirements for Endangered Species Act and various water regulations, and an unacceptable level of uncertainty from repeated revisions and rescissions of federal expectations. Regulatory uncertainty and ever-shifting expectations result in added costs at every stage in the production cycle. This has a chilling effect on both individual producer profitability and opportunities for industry-wide innovation.

NCBA has long supported reducing regulatory barriers and ensuring that there is the maximum amount of flexibility for on-the-ground decisions for producers and their federal partners alike. NCBA will continue to support right-sizing policies like the National Environmental Policy Act that mirror Congress' direction in the Fiscal Responsibility Act; seek improvements to the Endangered Species Act (ESA) that incentivize and protect investments in habitat rather than serve as a threat to self-directed land management; and pursue appropriate staffing levels to ensure producers' on-the-ground partners are present and equipped to support beef cattle production.

Pass a Modern Farm Bill Without Further Delay

NCBA supports Chairman Thompson's Farm Bill that passed out of the House Agriculture Committee with bipartisan support. We thank Chairman Boozman for his continued support for the NCBA priorities that were included in the House passed bill and all of his efforts as we continue to work towards the completion of this bill. NCBA supports a continued focus on animal health priorities through animal disease preparedness and the reauthorization of the animal health provisions in the 2018 Farm Bill to include expanded funding of the National Animal Vaccine and Veterinary Countermeasures Bank (NAVVCB) to protect against Foot and Mouth Disease (FMD). We also support expanded access to risk management tools and disaster relief programs within the Farm Bill, to support financial stability for cattle producers. Protecting and funding EQIP, CSP, and other voluntary conservation programs that incentivize science based, and active management of our natural resources is vital for cattle producers. The Farm Bill provides a level of certainty for cattle producers across the country, and NCBA supports finalizing this important legislation.

Defend the Beef Checkoff

Commodity research and promotion boards, more commonly referred to as "checkoff" programs, are paramount in promoting U.S. agricultural commodities both at home and abroad. Recently, however, these immensely successful programs have come under fire from a vocal yet minuscule minority of dissatisfied farmers whose voices have been amplified by radical animal rights activist groups. Their allies in Congress have attempted to gut checkoff programs through frivolous appropriations amendments and misguided legislation, such as the deceptively titled "Opportunities for Fairness in Farming (OFF) Act," (S.557, 118th Cong.). We are grateful that, when brought up for votes, these legislative attacks have been soundly defeated by a broadly bipartisan coalition of lawmakers who stand with real farmers and ranchers who understand the value of commodity checkoff programs.

As an example, the Beef Checkoff was established by statute in 1985 and ratified by 79% of cattle producers in a national referendum three years later. The Beef Checkoff collects $1 per head from the receipts of cattle sold and uses these pooled resources to conduct research and market U.S. beef to both domestic consumers and foreign importers. According to USDA estimates, cattle producers realize $13.41 in return for every $1 invested in the Beef Checkoff. Producers largely recognize the value of this return. In fact, when a petition for another referendum on the Beef Checkoff circulated the country from 2020 to 2021, supporters failed to gather sufficient signatures to hold a referendum vote. Given that they needed a mere 10% of producers to sign the petition, and were given a 3-month extension from the codified timeline to acquire signatures, this speaks volumes to the support that checkoffs enjoy among the producers that fund them.

Checkoffs set the model for an ideal public-private partnership. Farmers and ranchers pool their own financial resources to conduct marketing and research activities for their shared commodity, reducing the need to ask the federal government to do so on their behalf with public funds. They set rules to ensure full transparency to those who pay assessments into the checkoff, and then they are overseen by USDA who conduct audits and ensure those rules are followed to the letter. All of this, including the personnel costs at USDA, is paid for by the checkoffs themselves, not the taxpayer.

The Beef Checkoff has measurably improved beef demand since its inception. Without checkoff programs, demand and education outreach efforts would be adversely impacted to an immense degree. NCBA urges Congress to vehemently oppose the OFF Act and defend the Beef Checkoff.

New World Screwworm

While many of the issues discussed today are perennial, the cattle industry is also facing an emergent issue that requires immediate action. The U.S. cattle herd has been free of

New World screwworm (NWS) for over 60 years, but the parasite has moved quickly back up through Central America and has now been detected in Mexico. The pest is very damaging to mammals of all kinds, including people, and can be fatal in cattle within 2 weeks if left untreated. Screwworm can be eradicated by repeatedly releasing sterile male flies that mate with wild females to eventually reduce the population. However, current sterile fly production is not up to the task. We need additional facilities to increase sterile fly production and keep this devastating, expensive pest out of the country. We ask for Congress's support, along with our Mexican and Central American partners, to address this urgent threat.

Dietary Guidelines for Americans

American cattle producers raise the best protein in the world, and we are proud to feed people every day. A single 3 ounce serving of lean beef provides 25 grams of protein and 10 essential vitamins and minerals in around 170 calories. To get the same protein, you would have to eat 382 calories of black beans or 666 calories of quinoa. Beef is a delicious, efficient way for people to get the nutrients they need, and it can play a role in a healthy diet for Americans from many different cultures, backgrounds, and age groups. Beef's place on the plate is now under attack thanks to unscientific recommendations made by the Dietary Guidelines Advisory Committee. We ask this Committee to exercise oversight and ensure that HHS and USDA are led by the science and not political opinion if they finalize the Dietary Guidelines this year.

Repeal the Death Tax and Preserve Critical Tax Provisions

Family-owned cattle operations are a major economic driver across rural America, but they need a tax code that rewards their entrepreneurial spirit and encourages the continuation of multi-generational small businesses. One of the greatest threats to multi-generational operations is the death tax, also known as the estate tax. NCBA strongly supports the full and permanent repeal of the death tax. In fact, a recent NCBA tax survey showed that 61 percent of respondents will be negatively impacted if the death tax relief included in 2017 Tax Cuts and Jobs Act (TCJA) resets to pre-2017 levels. For cattle producers, the greatest asset is not cash, it is land. Farmland real estate value increased tremendously in recent years, and that may force some producers to take out significant loans or sell off part of their business to pay the death tax. We must protect the stepped-up basis to manage tax liabilities and prevent a capital gains tax on inherited farmland and pastureland at the time of death. Taxes on succession are not pro-growth tax policies, and it will cause great harm to the next generation of cattle producers if the death tax is not repealed, and stepped-up basis is not protected.

Cattle producers also need access to important tools like the Section 199A Small Business Deduction, Section 179 deduction, and Bonus Depreciation. Section 199A allows small businesses with pass-through business income to deduct up to 20 percent of qualified business income. According to a recent Ernst and Young study, Section 199A supports approximately 2.6 million jobs and contributes $325 billion to the national economy. Notably, 38,000 of these jobs are connected to the agriculture sector, emphasizing the critical role Section 199A plays in supporting small and family-owned businesses, including farms and ranches. This provision was established to ensure that pass-through businesses could compete on an equal footing with corporations following the reduction of the corporate tax rate from 35 percent to 21 percent under the TCJA. The 20 percent deduction provided by Section 199A serves this purpose. However, if Section 199A were to expire, some high-earning farmers and ranchers might face the difficult choice of converting to C corporations to benefit from more favorable tax treatment even though they might have less flexibility in other areas.

Section 179 has long been an important tool for farmers and ranchers because it helps them with difficult cash flow struggles, lowers their marginal effective tax rate, and eliminates burdensome recordkeeping requirements associated with depreciation. TCJA raised the Section 179 deduction limit to $1 million with a total equipment purchase cap of $2.5 million. According to the NCBA tax survey, 57 percent of respondents reported using Section 179 in the past 3 years, and 45 percent of respondents say they would have incurred an additional tax burden exceeding $20,000 if they did not have access to this useful tool.

Bonus depreciation, also known as first-year expensing, allows a business to deduct the cost of an asset the year it is placed in service. Farmers and ranchers generally use bonus depreciation when expenditures exceed the Section 179 small business deduction limits. These improved tax incentives allow farmers to immediately write off capital investments, such as a new combine or tractor, and keep thousands of dollars in their bottom line. In addition to equipment purchases, other eligible items may include the purchase of "off-the-shelf" computer software, and breeding livestock. NCBA strongly supported the TCJA because it included modifications to Section 179 and Bonus Depreciation that allowed producers to maximize deductions for equipment purchases. These provisions can be used together to accelerate cost recovery, thereby reducing a farmer's taxable income. According to the NCBA tax survey, 44 percent of respondents used Bonus Depreciation within the last three years, and 31 percent say they would have incurred an additional tax burden of over $20,000 without it.

Ensure the Viability of the Domestic Farm Workforce

NCBA supports protecting our farmers and ranchers on the southern border from harm and degradation of livestock and the environment. At the same time, we must also have access to adequate agricultural labor. There is a need for reforms to the H-2A program to include access to year-round workers, the ability for processors to utilize the program, and to move the administration of this program from DOL to USDA where producer needs are better understood. The production agriculture and agribusiness workforce are at a critical inflection point, and further reductions in labor availability will have catastrophic consequences for the rural economy, agricultural supply chains, and U.S. food security.

Reject Harmful and Sweeping Livestock Markets Policy

As I mentioned earlier, cattle prices have undergone a meteoric rise to record levels over the past four years. This cyclical uptick is entirely a function of the free market being permitted to operate without central planners in Washington meddling in the day-to-day affairs of cattle producers. Claims made during the difficult marketing environment of the COVID-19 pandemic that cattle market conditions would never again favor producers unless Congress intervened with massive government programs have been categorically proven false. However, this did not stop the Biden Administration from attempting to insert itself more directly into cattle producers' standard, private, and business-to-business negotiations.

Almost immediately upon taking office, President Biden and Secretary Vilsack announced their intent to unilaterally expand USDA's authorities under the Packers and Stockyards Act of 1921 (PSA). The centerpiece of this regulatory agenda was to roll back of the "Harm to Competition" standard, a foundational tenet of antitrust law which states that a violation of the Act only occurs if the action in question is harmful to overall competition in the marketplace. This is a vital legal precedent that allows cattle producers to capture additional premiums in the marketplace for different characteristics exhibited by their animals and the meat they produce. It has afforded innovative family farmers and ranchers the opportunity to level the playing field when negotiating deals with large meatpacking companies. Furthermore, the standard has been upheld as the intent of Congress every single one of the eight times it has been tried in Federal Circuit Court. USDA under Biden and Vilsack, however, did not care.

Over the past four years, USDA has promulgated five rulemakings under the PSA—each drawing from a flawed interpretation of their authorities and despite widespread opposition from farmers and ranchers across the country. While we were pleased to see the most harmful of these regulations, a rule titled, "Fair and Competitive Livestock and Poultry Markets," withdrawn in the closing days of the previous Administration, USDA has indicated they intend to try this failed playbook again in the future. Just like cash trade mandates, these PSA rules would decimate the cattle industry, jeopardizing the profitability of producers nationwide. We urge Congress to continue to oppose any similar attempts to expand the role of the federal government in cattle producers' private business dealings.

Unfortunately, the federal government is not the only source of market-altering policies for livestock producers. The State of California recently adopted a measure, commonly known as Proposition 12, which restricts the sale of pork products which are produced in a very specific, non-standard manner. Normally this would not concern NCBA or its members, except that California is home to approximately 13% of domestic pork consumers and less than 1% of U.S. pork production, meaning that the State of California has de facto imposed a standard on producers who do not reside within their borders. This is an obvious obstruction of interstate commerce, and Congress should intervene to clarify that the voters in one state cannot dictate agricultural production terms to those who do not reside in the same state.

Prioritize U.S. Beef Exports and Hold Trade Partners Accountable

Roughly 15 percent of U.S. beef is sold outside the United States, and beef exports account for $415 per head of fed cattle slaughtered. In 2024, U.S. beef exports totaled $10.45 billion, with Korea, Japan, and China accounting for 58 percent of total sales. There is strong global consumer demand for high quality U.S. beef, and U.S. cattle producers have capitalized on that demand because of strong trade agreements that removed tariff and non-tariff trade barriers to U.S. beef. For the past four years, the U.S. government has done little to open new markets for U.S. beef, while our competitors in Australia, South America, Canada, and Mexico have opened new markets. We need the United States to re-engage in market access negotiations and secure preferential access for U.S. beef in fast-growing markets across Asia, Africa, and the Middle East.

Unfortunately, while the U.S. government has not expanded market access for U.S. beef exports, it approved beef access for multiple countries and did not hold trade partners accountable for questionable activity that could jeopardize the safety of U.S. consumers and the U.S. cattle herd. NCBA was the first to raise concerns about Brazil's failure to report multiple cases of atypical bovine spongiform encephalopathy in a timely manner. As described in multiple letters to USDA, Brazil's delay in timely reporting shows that Brazil was incapable of reporting in a timely manner, or they willfully withheld information until an optimal time. Either way, that is inconsistent with the high standards we require of all trade partners without exception. NCBA strongly encouraged USDA to suspend Brazilian beef imports and subject them to a thorough audit process, but USDA declined. Likewise, NCBA raised numerous concerns about the approval of Paraguayan beef imports due to the questionable risk assessment based off 9-year-old site visits. Like Brazil, NCBA called for a delay in Paraguay's access until new site visits are conducted to confirm Paraguay's claim. Again, USDA declined despite strong industry opposition and concerns over the history of FMD in Brazil and Paraguay. We cannot afford to jeopardize the health and safety of U.S. consumers and the U.S. cattle herd with trade partners who have questionable reputation and unverified safeguards. We must hold Brazil and Paraguay accountable, and that must start with a suspension of beef imports subject to a thorough audit and new site visits to confirm the effectiveness of their safeguards and practices.

The U.S. was a net importer of beef in 2024, and Brazil was a leading source of lean trimmings and processed beef products. Brazil imports under the annual "Other Country" tariff rate quota, along with Paraguay, Japan, the United Kingdom, Ireland, and other European countries. Brazil filled the 65,000 metric ton annual quota on January 17, 2025. For the rest of 2025, Brazil will face a 26.4 percent tariff, and it is not enough to discourage Brazilian beef from the U.S. market. Suspending trade with Brazil and Paraguay and subjecting them to a thorough audit process may be the only way to get their attention and remind all trade partners that the U.S. will enforce our high standards without exception. Likewise, Colombia has applied for beef access to the United States. This is concerning because Colombia has active cases of FMD and shares a porous border with Venezuela, a hot bed for FMD. Colombia is a key ally to the United States, but that should not be a justification to look the other way on Colombia's animal health vulnerabilities and the risk that will pose to the U.S. cattle herd. Colombia's application should be delayed until thorough audits are conducted for food safety and animal health equivalence in full compliance with GAO recommendations.

Overseas consumers trust the safety and quality of U.S. beef, and we must ensure that we do not take any steps that may jeopardize the strong reputation of U.S. beef. The U.S. cattle and beef industry has worked diligently with USDA to improve production practices and implement safeguards that have strengthened our trustworthiness as we have recovered from the fall out of the "cow that stole Christmas" in 2003. While there is growing interest from the dairy sector to develop and use vaccines to combat High-Path Avian Influenza in U.S. dairy cattle, the U.S. government must carefully consider the potential restrictions that may be imposed on U.S. beef exports if vaccines are used. As we have seen in other countries that vaccinate for FMD and other diseases, trade restrictions on beef can have long-term effects and reduce profitability for cattle producers.

While imports account for roughly 12 percent of the beef consumed by Americans, it is important for U.S. cattle producers to differentiate our products in the marketplace. NCBA was pleased that USDA listened to our concerns and closed the loophole created by the generic origin labels previously allowed by USDA-FSIS. As of January 1, 2026, retailers and packers will no longer be able to use the old generic origin labeling claims that caused consumer confusion and could have allowed imported beef to carry a Product of USA claim. Under the new, voluntary, and trade-compliant labeling requirements, beef products can only carry a Made in USA or Product of USA claim if the product is from an animal that is born, raised, harvested, and processed in the USA. The new requirements also allow for other qualified claims. NCBA believes these voluntary, trade compliant origin labeling claims will help cattle producers differentiate our products in the domestic market and also capitalize on consumer demand for local, state, and regional marketing claims.

Overhaul Administration of Federal Lands Grazing Programs

One of the strengths of the U.S. beef cattle supply chain is the ability to raise cattle in ecosystems that vary widely across the country. Across the West, livestock producers work with the Bureau of Land Management (BLM) and U.S. Forest Service (USFS) to manage approximately 250 million acres of federal grazing land. In any given year, approximately 63 percent of cattle in the West spend time grazing on federal lands. This forage is crucial for the region's cow/calf sector, as the calves from those operations are often fed out in other parts of the country, resulting in a multi-regional contribution to the supply chain. In the early 1990s, there was a call from radical environmentalists to eliminate grazing on federal lands. Their rallying cry to make federal lands "cattle free by [19]93" resulted in significant changes to the regulations that govern grazing on BLM lands. These changes drove a reduction in livestock grazing on federal lands and increased regulatory burdens on cattle producers. Reduced numbers of cattle grazing on federals lands combined with mounting burdens under NEPA, ESA, and other natural resource regulations for the producers who remain has made it increasingly difficult and expensive to operate on these lands. USFS has faced similar calls to reduce grazing and has been less successful in mitigating those reductions over time because of the agency's inherent focus on timber and fire, rather than grasslands and shorter forage.

Federal lands ranchers pay a base grazing fee set by federal statute and they are responsible for maintenance of infrastructure on their grazing allotment in order to remain in compliance with their permit and in good standing with their federal government landlord. Maintenance of fences, water troughs, pipelines, invasive species treatments, and other range improvements often makes it more expensive for these grazing permittees to operate on federal land than it would be if they held private leases or owned the lands themselves.

Producers view this as a worthy investment because not only do they see a direct benefit from the forage their livestock converts into high quality protein, they also see economic and environmental benefits from grazing these landscapes. Often, federal lands surround or are interspersed in private and state land, so reducing wildfire risk, controlling invasive annual grasses, and supporting other multiple uses on the federal acres is also in producers' best interest. Across these lands, grazing reduces the risk of wildfire ignition between 45 and 50 percent, decreases the spread of invasive annual grasses to support biodiversity, and generates billions of dollars in ecosystem services like wildlife habitat, wildlife-based recreation, watershed protection, and more.

NCBA supports significant revisions in USFS and BLM grazing policy that recognizes the economic and environmental benefits generated by private producers' investments in acres. Further, NCBA supports this Committee's work to increase the use of targeted grazing – outside existing grazing allotments – to reduce federal land wildfire risk that threatens not only cattle production, but the whole of Western economies. The role that sound federal lands management policy plays in the domestic cattle industry cannot be overstated, and NCBA appreciates this Committee's attention to the wide range of production scenarios that support a strong national supply chain.

Conclusion

In closing, America's cattle producers are resilient. They are experts at making the most out of any situation, and will continue to do so going forward. While we have more reason to be optimistic than the last several times our organization has appeared before Congress in recent years, there are still very real and very large challenges that lie before us. To boil everything I have testified to this morning down to a single request it would be: please listen. Listen to cattle producers when they reach out to you. Hear them out when they tell you a program is working and needs to be bolstered. Give them your attention when they tell you a well-intended bill may actually have the opposite effect on their business. Trust that they, the boots on the ground, know best how to produce our nation's food, fiber, and fuel. It is said a lot in this Committee and around Capitol Hill: food security is national security. We could not agree more. We take that role incredibly seriously, we are honored to be entrusted with such a responsibility, and we welcome your partnership to continue that proud tradition for generations to come. Thank you, Mr. Chairman, and with that I am happy to stand for questions.