

January 1998

COMPARISON OF COMMODITY GROUP ASSESSMENTS, LATE FILING PENALTIES, AND AUDITING PROCEDURES

Commodity Group	Statutory Reference	Assessment	Estimated Average Biennial Collections	Nonpayment Penalty Provisions	Collection Procedures	Procedures for the Auditing of Handlers¹
Potato Council	Chapter 4-10.1	<p>North Dakota Century Code Section 4-10.1-09 provides for an assessment of two cents per hundredweight. The section also provides that the council may increase the assessment by not more than one-half cent per hundredweight per year up to a maximum assessment of four cents per hundredweight.</p> <p>The council is currently assessing three cents per hundredweight.</p>	\$1,096,156	<p>North Dakota Century Code Section 4-10.1-16 provides that the council shall levy a penalty on delinquent payments of 10 percent of the assessment due plus interest at the rate of six percent per year.</p> <p>The council has not been assessing penalties, but is planning on starting. In addition, the council is considering introducing legislation to amend Section 4-10.1-16 to provide that the assessment of penalties and interest be optional rather than mandatory.</p>	For reports not received on time the council sends reminder notices. Followup calls and notices are continued until the report is received.	The council does not audit handlers.
Oilseed Council	Chapter 4-10.2	<p>North Dakota Century Code Section 4-10.2-08 provides for an assessment of three cents per hundredweight on sunflower, safflower, rapeseed or canola, and crambe.</p> <p>Section 4-10.2-08 also provides for an assessment of two cents per bushel on flax.</p>	\$866,615	<p>North Dakota Century Code Section 4-10.2-11 provides that the council may levy a penalty on delinquent payments of 10 percent of the assessment due plus interest at the rate of six percent per year.</p> <p>The council has not been assessing penalties and interest.</p>	For reports not received on time the council sends second notices. The council then follows up with phone calls until the report is received.	The council does not audit handlers.
Dry Bean Council	Chapter 4-10.3	<p>North Dakota Century Code Section 4-10.3-08 provides for an assessment of 10 cents per hundredweight.</p>	\$1,400,000	<p>North Dakota Century Code Section 4-10.3-11 provides that the council may levy a penalty on delinquent payments of 10 percent of the assessment due plus interest at the rate of six percent per year.</p> <p>The council has never had to impose a penalty on any of its filers.</p>	For reports not received on time the council follows up with a phone call.	The council does not audit handlers.

Barley Council	Chapter 4-10.4	North Dakota Century Code Section 4-10.4-08 provides for an assessment of 10 mills per bushel.	\$1,700,000	<p>North Dakota Century Code Section 4-10.4-12 provides that the council may levy a penalty on delinquent payments of 10 percent of the assessment due plus interest at the rate of six percent per year.</p> <p>The council has not had a problem with late filers.</p>	For reports not received on time the council follows up with phone calls until the report is received.	The council does not audit handlers.
Soybean Council	Chapter 4-10.5	North Dakota Century Code Section 4-10.5-07 provides for an assessment of one-half of one percent of the value of the sale.	\$1,500,000	<p>North Dakota Century Code Section 4-10.5-11 provides that the council shall levy a penalty on delinquent payments of 10 percent of the assessment due plus interest at the rate of 12 percent per year.</p> <p>In accordance with federal law the council is assessing a penalty on late filers of two percent of the assessment due per month.</p>	For reports not received on time the council follows up with written correspondence. After the return is filed, the handler is billed for the two percent late filing penalty.	Federal law requires the auditing of handlers. North Dakota has had a waiver from this provision. Last year the council started contracting for the audit of handlers and had seven sites audited. The council plans on contracting for the audit of 21 to 28 sites this year and plans on continuing to audit handlers on a rotating basis.
Corn Utilization Council	Chapter 4-10.6	North Dakota Century Code Section 4-10.6-08 provides for an assessment of one-quarter of one percent of the value of a bushel.	\$500,000	<p>North Dakota Century Code Section 4-10.6-14 provides that the council may levy a penalty on delinquent payments of 10 percent of the assessment due plus interest at the rate of 12 percent per year.</p> <p>The council has not had a problem with late filers.</p>	For reports not received on time the council sends second notices.	The council does not audit handlers.
Dry Pea and Lentil Council	Chapter 4-10.7	North Dakota Century Code Section 4-10.7-09 provides for an assessment of one percent of the net value.	\$160,000	<p>North Dakota Century Code Section 4-10.7-14 provides that the council may levy a penalty on delinquent payments of 10 percent of the assessment due plus interest at the rate of 12 percent per year.</p> <p>The council was established by the 1997 Legislative Assembly and became effective July 1, 1997.</p>	Since the council was just established it has not had any experience with late filers.	The council has not yet implemented audit procedures for first purchasers.

Beekeeper's Association	Chapter 4-12.1	North Dakota Century Code Section 4-12.1-02 provides for an assessment of five cents per colony of honeybees with a minimum assessment of \$1.	\$20,000	North Dakota Century Code Section 4-12.1-05 provides that a penalty shall be levied on delinquent payments of five percent of the assessment due plus interest at the rate of six percent per year. Because the assessment is collected along with the license fee, there has not been a problem with delinquent filers.	For reports not received on time followup letters are sent or phone calls are made.	Beekeeper reports are not audited.
Turkey Federation	Chapter 4-13.1	North Dakota Century Code Section 4-13.1-03 provides for an assessment of one cent for each turkey weighing less than 10 pounds live weight and up to two cents for each turkey weighing 10 or more pounds live weight. The assessment currently being charged by the federation is one cent for turkeys weighing 18 pounds or less, one and one-half cents for turkeys weighing more than 18 pounds but less than 28.01 pounds, and one and three-fourths cents for turkeys weighing more than 28 pounds.	\$80,000	North Dakota Century Code Section 4-13.1-12 provides that a penalty shall be levied on delinquent payments of five percent of the assessment due plus interest at the rate of six percent per year. There has never been a need to assess penalties.	Processors automatically remit monthly.	Processors' reports are not audited.

Dairy Promotion Commission	Chapter 4-27	<p>North Dakota Century Code Section 4-27-06 provides for an assessment of 10 cents per hundredweight.</p> <p>Federal law provides for an additional assessment of five cents per hundredweight, bringing the total assessment to 15 cents per hundredweight.</p> <p>Of the total assessment, 10 cents remains with the state program and five cents is remitted to the federal program.</p>	<p>The 10 cents generates approximately \$1,530,000 and the five cents generates approximately \$750,000.</p>	<p>North Dakota Century Code Section 4-27-06 provides that the commission must levy a penalty on delinquent payments of 10 percent of the assessment due.</p> <p>The commission has not had to levy any penalties.</p>	<p>For reports not received on time the commission follows up with a phone call.</p>	<p>The commission does not audit first purchasers.</p>
Wheat Commission	Chapter 4-28	<p>North Dakota Century Code Section 4-28-07 provides for an assessment of eight mills per bushel.</p>	\$4,000,000	<p>No provisions.</p> <p>The commission has not had problems collecting from handlers.</p>	<p>The commission has not had any problems collecting from handlers.</p>	<p>The commission does not audit handlers.</p>
Beef Commission	Chapter 4-34	<p>North Dakota Century Code Section 4-34-08 provides for an assessment of 50 cents per head.</p> <p>In accordance with federal law, the Beef Commission assesses one dollar per head.</p>	\$2,720,000	<p>North Dakota Century Code Section 4-34-10 and the federal law require that unpaid assessments be increased by two percent per month.</p> <p>The Beef Commission complies with this requirement.</p>	<p>For reports not received the commission follows up with letters or phone calls.</p>	<p>The commission does not audit the information submitted in the reports.</p>

¹ Although the Soybean Council is the only commodity group which actually audits first purchases and handlers, the others monitor production through statewide agricultural statistic reports filed with the Agriculture Department, Stockmen's Association, federal milk marketing system, and other entities. The commodity groups also monitor trend information in order to determine that the information submitted on the checkoff reports is accurate and that the amounts remitted are accurate.