



FAQ: A National Checkoff Program for Hemp

The National Industrial Hemp Council (NIHC) recently announced a memo of understanding (MOU) with the Hemp Industries Association (HIA) to explore creation of a checkoff program for the hemp industry. If together, we come to a conclusion that determines the industry sees value in a checkoff and wants to move forward, we'll then collaborate on a proposal that will be submitted to the United States Department of Agriculture (USDA).

What is a checkoff program?

Checkoffs have been established by Congress since the 1960s. In the 1996, Congress gave the USDA authority to regulate the creation of new checkoffs for agricultural commodities. A checkoff program is a mechanism to collect funds, or checkoff dollars, for research, education and promotion needs of a specific commodity. The promotion of the commodity must be done in a general way as not to benefit one specific producer. Currently, there are over 20 checkoff programs in the United States including beef, pork, dairy, soybeans, cotton, eggs, blueberry, honey, and Christmas trees.

Who runs the checkoff program?

Checkoff programs are run by independent boards made up of producers of the commodity. The board is governed with [strict oversight from the USDA's Agricultural](#)



[Marketing Service](#) (AMS). Board members are appointed by the Secretary of Agriculture. The board can only engage in activities that include research, education and promotion of their commodity. NIHC and HIA are casting a wide net to gather input into what a checkoff program for hemp may look like. We want to make sure that we have transparency and we're representative of geographic interests, industry segments, and gathering feedback from different size companies.

How many farmers will participate?

If we move forward, every farmer will get to vote on whether or not they want to have a checkoff program. The vote can happen before assessments occur or it can occur after the first year of assessments. Once a checkoff is approved, all producers contribute. Congress has made one exception; certified organic producers can opt out of the checkoff. Our work group will want to make sure that there is a broad level of support from hemp producers and will seek to produce letters from industry associations to demonstrate to the USDA and producers around the country that there is a strong level of support to move forward.

Are checkoffs even successful?

Checkoffs have been very successful. Agriculture economists from both Texas A&M and Cornell University have studied the return on investment for producers from the assessments. In 2016, Texas A&M released a study that found that for every dollar assessed, there is an estimated Return on Investment (ROI) of between three and seventeen dollars.

How are the commodities assessed?



Commodities can be assessed by either a percent of value or per unit of production. Because of the variety of uses for hemp, NIHC and HIA are proposing considering a percent of value. This will provide funding for much needed research on new uses for the crop, new production practices, as well as for promotion

and market development activities.

Will there be segments like for fiber and CBD?

We're currently at the beginning stages so those discussions haven't happened. Once the working group is created and more stakeholder support is solicited, we can discuss the specifics of what the checkoff program might look like. Then we can start answering those questions by looking at our shared goals and how much money would need to be raised to successfully accomplish those goals. It is however, reasonable to assume that a hemp checkoff would invest in activities that support every segment of the industry.

What about Montana and the other state checkoff programs?

The state checkoffs aren't precluded from the national checkoff program that was established by Congress. Those state checkoffs could continue their work. We would propose a method of coordination between the state checkoffs and a proposed national checkoff program.

Can checkoff dollars be used to lobby?

No. Checkoff dollars can only be used for research, education and promotion. No checkoff dollars can be used for lobbying or influencing government.

What assurances are that the program will be run with transparency and integrity?

Those assessed make up the board of directors and direct program spending. It's in the industry's best interest to remember we're collecting farmers' dollars and that we must invest those dollars for the benefit of the very farmers that are being assessed. Further, checkoff budgets have to be approved annually by USDA and are subjected to an annual audit and a three-year management review.



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