The "Top 10" Ag Law and Tax Developments of 2025: Number 6

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Federal case from South Dakota. In 2025, a high-stakes legal battle unfolded in the U.S. Court of Appeals for the Eighth Circuit, centering on a label most consumers take for granted: "Product of USA." The case, Taylor v. JBS Foods USA,[1] pits South Dakota ranchers against the nation's "Big Four" meatpackers (JBS, Tyson, Cargill, and National Beef) in a fight that could redefine the financial future of American agriculture. For years, federal policy allowed beef to be labeled "Product of USA" even if the animal was born, raised, and slaughtered abroad, provided the meat was merely packaged or processed in a domestic facility. The lawsuit alleges that this practice is a deceptive market manipulation that has depressed domestic cattle prices by 40 percent since 2015. They argue that while packers pocket premiums from the "USA" brand, American producers lose billions in revenue to cheaper, mislabeled foreign imports. The litigation gained massive momentum in January 2025, when a South Dakota District Court denied packers' motion to dismiss. This was followed by significant intervention in August 2025 when a bipartisan coalition of 11 state attorneys general filed an amicus brief supporting the ranchers.

Parties' arguments. A central pillar of the ranchers' argument is the USDA's new Final Rule, which took effect on January 1, 2026.Under this rule, the "Product of USA" label is strictly reserved for beef from animals born, raised, slaughtered, and processed entirely within the United States. While the rule isn't retroactive, the ranchers and state AGs argue it serves as a federal admission that the previous labeling policy was "erroneous" and inherently misleading.

The meatpackers argue that because the USDA previously approved their labels, state-level consumer protection and antitrust laws are "preempted" (superseded) by federal law. They cite a 2022 Tenth Circuit ruling[2] that dismissed a similar case on these grounds. The ranchers contend that the Federal Meat Inspection Act (FMIA) explicitly prohibits "misbranding." They argue that the states have concurrent authority to enforce truth-in-labeling when a federal agency's informal guidance conflicts with the clear statutory requirement that labels must not be false or misleading.

Implications. If the Eighth Circuit sides with the ranchers, it would set a precedent allowing states to police deceptive corporate practices even when those practices enjoyed prior federal "stamps of approval." For consumers, it promises a future where the label on the package finally matches the reality of the ranch.

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[1] No. 3:23-cv-03031-ECS, 2025 U.S. Dist. LEXIS 9594 (D. S.D. Jan. 15, 2025).
[2] Thornton v. Tyson Foods, Inc., 28 F.4th 1016 (10th Cir. 2022).