

HOUSE BILL REPORT

SB 6155

As Passed Legislature

Title: An act relating to state milk marketing orders.

Brief Description: Clarifying milk marketing order regulations.

Sponsor(s): Senators Bailey, Gaspard, Anderson, Conner, Newhouse and Barr.

Brief History:

Reported by House Committee on:

Agriculture & Rural Development, February 27, 1992, DP;

Passed House, March 5, 1992, 97-0;

Passed Legislature.

**HOUSE COMMITTEE ON
AGRICULTURE & RURAL DEVELOPMENT**

Majority Report: *Do pass.* Signed by 11 members: Representatives Rayburn, Chair; Kremen, Vice Chair; Nealey, Ranking Minority Member; P. Johnson, Assistant Ranking Minority Member; Chandler; Grant; R. Johnson; Lisk; McLean; Rasmussen; and Roland.

Staff: Kenneth Hirst (786-7105).

Background: The Washington State Milk Pooling Act of 1971 granted the director of the Department of Agriculture the authority to establish milk pooling and marketing plans. Such plans had to be approved by milk producers by referendum. In 1991, the act was amended to permit the director to set non-retail prices, or formulae for prices, for milk under such a pooling plan. The 1991 amendments also require a pooling plan to be approved by both milk producers and milk dealers. Producer-dealers are exempted from much of the regulation imposed by any milk pooling plan adopted under the act.

Summary of Bill: Participation and further regulation of producer-dealers under a milk pooling plan which involves production quotas is established. A producer-dealer may choose to vote on a referendum to adopt such a plan and, by so choosing, becomes regulated by it. A producer-dealer which chooses not to vote and participate in the plan is regulated under it if the producer-dealer's sales of the

milk it produces increase by more than 50 percent during any five year period. This 50 percent limit is adjusted to reflect any changes in production quotas made market area-wide. A producer-dealer created after the opportunity to vote on the plan has passed is regulated under the plan.

A person who acquires the quota of a producer-dealer inherits the regulatory status of the producer-dealer regarding milk production. Producer-dealers which have an opportunity to vote on the plan cannot be assigned a quota which is less than an amount equal to their sales during the benchmark period used to establish quotas for all producers.

The administrator of the milk pooling plan is exempted from the state's civil service law. The only milk which may be subject to a pooling plan under the state's milk pooling act is cows' milk which satisfies, as much as practicable, federal food and drug administration standards for milk and milk products. The milk dealers who may vote in a referendum to approve such a plan are those who receive unprocessed milk from dairy farms and process the milk into milk or milk products.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill is needed to clarify who gets to vote on a referendum to create a milk pooling agreement.

Testimony Against: None.

Witnesses: Dan Coyne, Washington State Dairy Federation (in favor); and Mike Schwisow, Department of Agriculture (in favor).