

FINAL BILL REPORT

SSB 5263

C 345 L 93

SYNOPSIS AS ENACTED

Brief Description: Regulating the marketing of milk.

SPONSORS: Senate Committee on Agriculture (originally sponsored by Senators M. Rasmussen, Anderson, Barr and Bauer)

SENATE COMMITTEE ON AGRICULTURE

HOUSE COMMITTEE ON AGRICULTURE & RURAL DEVELOPMENT

BACKGROUND:

The United States Department of Agriculture has managed milk pricing and pooling orders in Washington since the early 1950s. These federal programs were created to establish an orderly process for the marketing of milk from dairy farmers to milk dealers. The programs include minimum prices to dairy farmers, coupled with pooling mechanisms which equalize the returns to all dairy farmers that supply the same market. Today there is a single federal milk marketing order covering most of Washington, Oregon, and northern Idaho.

In 1991 Washington State milk marketing regulations were amended to authorize the creation of a milk pooling and pricing program. Since the passage of the enabling legislation, a referendum of milk producers and dealers was taken to determine whether a marketing order would be established in this state. The vote was in the affirmative; however, a similar vote in Oregon failed to achieve the required number of votes. This state's plan is contingent on having a two-state order which would require close cooperation between Oregon and Washington.

A number of statutory modifications have been suggested based upon the work done during the last year by the Department of Agriculture and the dairy industry in developing a milk marketing order.

SUMMARY:

The focus of the milk marketing order is modified to specifically include prevention of the disorderly marketing of milk.

Out-of-state producers who sell milk in Washington are considered producers for coverage under the marketing order.

The marketing plan is to cover both fluid milk and milk for the production of other milk products.

Milk dealers are given a vote in the termination proceedings of a pooling arrangement.

A new assessment on milk is authorized to fund milk testing services which are not paid by the milk dealer. The assessment is to be capped at three cents, collected by the milk dealers, and may only be used to provide for the testing of milk at state-certified laboratories.

Also, milk dealers who believe that competition from outside of the marketing area is having a significant economic impact on the milk dealer may petition the director for a public hearing. If such a petition is made, the director is required to respond promptly.

The Department of Agriculture is entitled to contract for services to administer the pooling arrangement.

In establishing a milk pricing formula, one of the factors to be considered by the director is the economic impact on milk dealers.

The director is not allowed to set wholesale or retail prices for milk. The director's power for establishing quotas is broadened. In establishing a minimum price for milk, the director is to consider the impact on milk dealers. The director is not required to adopt a market pooling plan if, after public hearing, lack of regulation in neighboring states makes the plan impractical.

VOTES ON FINAL PASSAGE:

Senate	43	2	
House	96	0	(House amended)
Senate	40	0	(Senate concurred)

EFFECTIVE: July 25, 1993