

*Task Force to Revitalize the Vermont Dairy Industry*

Presentation of Final Report and Draft Legislation  
Amending Vermont Milk Commission Statutes  
6 V.S.A. Chapter 161

*Senate Agriculture Committee*  
*January 13, 2023*

Daniel Smith, Esq., Task Force Co-Chair

# Presentation Summary

- Process review
- Findings and Conclusions
- Intro and review of Draft Legislation
- Next and additional steps

# State “*Over-Order*” Milk Market Regulation

State “*Over-Order*” Price Regulation

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graph TD; A[State "Over-Order" Price Regulation] --> B[Federal Milk Market Order Price Regulation];
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Federal Milk Market *Order* Price Regulation

# Process

- **Development of Legislation is only one step of a multi-step process that may or may not lead to price regulation**
  - *Legislative action*
  - *Rulemaking procedure*
    - *“Subjects and Issues” hearing procedure*
    - *Issuance (or not) of a “Proposed Rule” and hearing procedure*
    - *Issuance (or not) of “Final Rule”*
      - *Producer referendum (approval or not)*
    - *Critical issues of consumer and industry impact are comprehensively assessed here*

# Task Force Timeline – Part 1

- Feb 2020: Joint Senate and House Agriculture Committee Hearing on state milk market regulation and the transformation of the Vermont dairy industry  
*Covid Pandemic erupts*
- May 2020: Act No. 129, Sec. 31 directs Department of Financial Regulation Report and creates the Task Force  
**(1) evaluation of the long-term sustainability of Vermont dairy farming**  
**(2) recommendations for revising regulated dairy pricing**
- Jan 2021: DFR Report submitted
- *March 2021: American Rescue Plan Act enacted*
- May, 2021: Task Force begins work – **13 meetings about configuration of VT dairy industry and key issues confronting the industry**
- Nov 2021: *Infrastructure, Investment, and Jobs Act enacted*  
*\* \$2.6 Billion in Federal Funding For Vermont \**
- Dec 2021: Task Force presents Initial Report with shorter term proposals for federal funding and long-term proposals for structural change; recommends extension
- Jan 2022: Task Force report presented to Senate Ag and House Commerce Committees

## Task Force Timeline – Part 2

- --- 2022: 2022 Acts & Resolves No. 162, Sec. 9 authorizes reappointment and extension of Task Force
- *August – Dec 2021:* *Task Force reappointed and holds 10 meetings regarding law and economics of state over-order milk market regulation*
- Dec 2022: Task Force (6–0) approves and submits final Report (2) to Legislature
  - Draft legislative language updating and amending the authority and process of the Vermont Milk Commission to establish state over-order pricing
  - Recommendation that the Milk Commission be required to meet to determine whether and how it will exercise its revised authority, and report back to the Legislature
  - Recommendation that the General Assembly appropriate \$800,000.00 to the Agency of Agriculture, Food and Markets for purposes of the Dairy Risk Management Assistance Program in fiscal year 2023
- Jan 2023: 2<sup>nd</sup> Task Force report presented to Senate Ag and House Commerce Committees

Task Force

Principal Findings and Conclusions

**1. The Vermont dairy Industry has been transformed**

➤ *From an industry that historically exported almost all raw milk production to the Boston beverage milk marketplace*

➤ *To an in-state, thriving and diverse, value-added dairy manufacture products industry, which*

✓ Utilizes 60 - 65% of overall Vermont raw milk production, and

✓ Imports only 15 - 20% of total raw milk usage

**2. The Vermont dairy industry is losing dairy farms at an alarming rate while the industry's value added manufacturing sector thrives**

**3. The transformation of the State's dairy industry has re-established the State's milk market regulatory authority**



**4. Price regulation must apply to pricing transactions for raw milk used for products sold both in-state and out-of-state, to be effective**

- *The economic impact of regulating raw milk used for out-of-state sales is a critical issue, uniquely defining this regulatory construct*

**5. *The enabling Legislation for the Vermont Milk Commission needs substantial updating and revision to reflect the transforming changes to the industry, innovations in milk market regulation, and associated legal requirements***

**6. Legislation to update the law is only one step of a multi-step process that may or may not lead to price regulation**

- *The Milk Commission needs Legislative direction regarding regulatory action*

1. Thriving Vermont Value-Added Dairy Industry
2. Alarming Loss of Vermont Dairy Farms

***“Senator Starr’s Dairy Facts”***

Industry Transformed:

Vermont's Thriving and Diverse  
Value-Added Dairy Products Industry

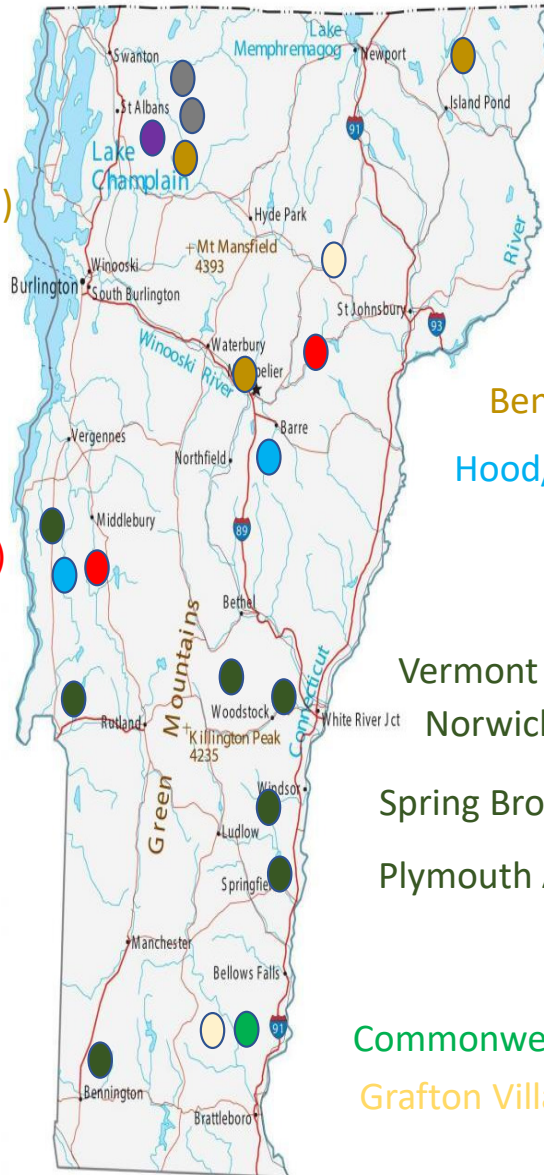
Franklin County Cheese (Enosburg Falls)  
 Swan Valley Cheese Swanton  
 DFA/St Albans Coop Plant (Butter, Powder)  
 Ben and Jerry's Homemade, Inc. (St Albans)

## Vermont's Dairy Industry

Monument Farms (Beverage Milk)  
 Agrimark/Cabot Cheese Plant (Middlebury)  
 Champlain Valley Creamery (Middlebury)

Crowley Cheese, Inc (Healdville)

Maplebrook Farm (Bennington)



Butterwork Farms (Westfield)

Jasper Hills Farm; cheese caves (Orleans)

Agrimark Cabot Cheese Plant (Cabot)

Ben and Jerry's Homemade, Inc. Waterbury

Hood/Booth Bros (Beverage milk)

Vermont Farmstead Cheese (S. Woodstock)

Norwich Farm Creamery

Spring Brook Farm (Reading)

Plymouth Artisan Cheese

Commonwealth Dairy Plant (Yogurt)

Grafton Village Cheese Brattleboro

# Vermont Now Makes All Dairy Industry Products

## Class I

- Bottled Milk
- Cultured Buttermilk
- Eggnog



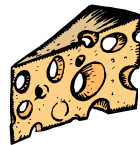
## Class II

- Ice Cream
- Hermetically-Sealed Containers
- Pkg. Cream



## Class III

- Cheese
- Cream Cheese



## Class IV

- Butter
- NFDM



## Vermont's Diverse Milk Production and Supply

### VT Agency of Ag 2021

583 Cow Dairies

### NASS 2021

2.56 Bil lbs Milk

### FMMO 1 - Vermont

520 Pooled Farms

2.53 Bil lbs Milk

### Organic 2022

155 Producers

165 Mil lbs Milk (est)

### On-Farm (incl. cow, goat, sheep)

70 Producers

124 Mil lbs Milk

# Vermont's Diverse and Substantial Manufacturing and Processing Sector

AGRI-MARK, INC.

CABOT CREAMERY, INC/AGRIMARK CABOT

CABOT CREAMERY/AGRIMARK MIDDLEBURY

FRANKLIN FOODS, INC.

LAND O' LAKES, INC.

DFA - ST. ALBANS - PLANT

OVER 500,000 POUNDS PER DAY

AGRI-MARK, INC. - DISTRIBUTION CENTER

CABOT CREAMERY/ AGRI-MARK FARRELL STORAGE

COMMONWEALTH DAIRY, LLC.

HP HOOD-BOOTH BROTHERS

100,000 TO 500,000 POUNDS PER DAY

HP HOOD, LLC.

MONUMENT FARMS, INC.

MOUNTAIN MILK, INC.

50,000 TO 100,000 POUNDS PER DAY

VT Ag Agency  
Data

- VERMONT PROCESSORS – 10,000 TO 50,000 POUNDS PER DAY

BRIDPORT CREAMERY, LLC

FIVE GENERATION FARMSTEAD CREAMERY LLC

GRAFTON VILLAGE CHEESE CO. - GRAFTON

GREEN MOUNTAIN ORGANIC CREAMERY

MOUNTAIN MOZZARELLA, LLC. DBA MAPLEBROOK FARM

OAK KNOLL DAIRY, LLC

PBM NUTRITIONALS, LLC, A PERRIGO COMPANY

SCHOLTEN FAMILY FARM

SPRING BROOK FARM CHEESE LLC

VERMONT CREAMERY

VERMONT FARMSTEAD CHEESE CO.



- VERMONT PROCESSORS – 500 TO 10,000 POUNDS PER DAY

<b>BEN AND JERRYS- ST.ALBANS</b>	<b>MOUNTAIN MOZZARELLA DBA MAPLEBROOK FARM 2ND LOCATION</b>
<b>BEN AND JERRY'S-WATERBURY</b>	<b>MT MANSFIELD CREAMERY</b>
<b>BILLINGS FARM &amp; MUSEUM</b>	<b>NEIGHBORLY FARMS OF VERMONT LLC</b>
<b>BLUE LEDGE FARM</b>	<b>NORTH MEADOW FARM LLC</b>
<b>BOSTON POST DAIRY, LLC</b>	<b>NORWICH FARM CREAMERY, LLC.</b>
<b>BOUSQUET SMOKE HOUSE LLC</b>	<b>PARISH HILL CREAMERY</b>
<b>BRIDGMAN HILL FARM</b>	<b>PLOUGHGATE CREAMERY</b>
<b>BUTTERWORKS FARM</b>	<b>RHINO FOODS, INC</b>
<b>CELLARS AT JASPER HILL -VENTURE CENTER</b>	<b>ROGERS FARMSTEAD</b>
<b>CONSIDER BARDWELL FARM</b>	<b>SHADAGEE FARM</b>
<b>CRAWFORD FAMILY FARM, LLC</b>	<b>SHELBURNE FARMS, INC</b>
<b>CRESCENT CREAMERY, INC.</b>	<b>SPRAGUE'S DAIRY, INC.</b>
<b>CROWLEY CHEESE, LLC</b>	<b>STRAFFORD ORGANIC CREAMERY</b>
<b>DAKIN FARM, INC.</b>	<b>SWEET ROWEN FARM</b>
<b>GRAFTON VILLAGE CHEESE CO.-BRATTLEBORO</b>	<b>THE PUTNEY SCHOOL</b>
<b>FAIRY TALE FARM</b>	<b>THE VERMONT GELATO CO.</b>
<b>FAT TOAD FARM</b>	<b>TWIG FARM</b>
<b>JACQUES AND ROBERTA ROYER</b>	<b>VERMONT FARMSTEAD CHEESE CO. -WINDSOR</b>
<b>JASPER HILL FARM</b>	<b>VERMONT'S ORIGINAL ICE CREAM, INC.</b>
<b>KINGDOM CREAMERY OF VERMONT, LLC.</b>	<b>VON TRAPP FARMSTEAD</b>
<b>MANSFIELD DAIRY INC.</b>	<b>WEST RIVER CREAMERY</b>

- VERMONT PROCESSORS – LESS THAN 500 POUNDS PER DAY

AHFC, LLC	LARSON CREAMERY, LLC
ALPINE GLO FARM, LLC.	LAZY LADY FARM, LLC.
ANIMAL FARM	LIVE WATER DAIRY
ARK OF SAFETY LLC D/B/A SWEET COW YOGURT	LONDONDERRY FARM LLC
BARN FIRST CREAMERY	LONDONDERRY VILLAGE MARKET, LLC
BERLE FARM	LULU HARMACK, LLC
BERWAY FARM PARTNERSHIP DBA BERWAY FARM CREAMERY	MAPLEBROOK MOZZARELLA LLC MAPLEBROOK ON THE MOVE, DBA MAPLEBROOK FARM
BIG CONES, LLC	MILLER MILK LLC
BIG PICTURE FARM	MO SE FARM
BONNIEVIEW FARM	NORTHWOODS CREAMERY
CATE HILL ORCHARD	NORTHERN SPY FARM
CELLARS AT JASPER HILL	ONE DROP, LLC.
CHAMBERS FARM LLC	ORB WEAVER CREAMERY LLC
CHAMPLAIN VALLEY CREAMERY, LTD	PAISLEY SCOOPS
CHILL	PLYMOUTH ARTISAN CHEESE, LLC
COBB HILL CHEESE, LLP	PUMPKIN VILLAGE FOODS, LLC.
CREEK VALLEY FARM LLC	RAY OF SUNSHINE BAKERY
CROOKED MILE CHEESE	RICHMOND MARKET BEVERAGE
CVD INC	ROBERTSHAW FARM
DAIRY ON THE MOOVE	ROISIN DUBH FARM DBA BLACK ROSE CREAMERY
DOES LEAP FARM	SAGE FARM, LLC

• VERMONT PROCESSORS – 500 POUNDS OR LESS - CONTINUED

DOLCETTI	SCOUT & CO.
FARM & WILDERNESS FOUNDATION	SCOUT'S HONOR CREAMERY LLC
FAT SHEEP FARM & CABINS LLC	SHELBURNE MARKET
FOOD CONNECTS	SHELBURNE SUGARWORKS LLC
FREEDOM FOODS	SPOONWOOD CABIN, LLC.
FRIENDS OF HILDENE, INC.	STICKY FINGERS BAKERY
FWR DBA GRASSROOTS VERMONT	STONY POND FARM
GAMMEL GARDEN	SUNSET ROCK FARM
GREEN MOUNTAIN BLUE CHEESE	SWEET DOE DAIRY LLC
HAPPY BIRD POULTRY FARM, LLC.	THE DAIRY STOP
HIGH POND GOAT FARM	THREE SHEPHERDS FARM
HILLSIDE CREAMERY	VERMONT PATIENTS ALLIANCE
HONIG DAIRY GOAT FARM LLC DBA DOVER HILL CREAMERY	VERMONT SHEPHERD
ICE HOUSE FARM	VILLAGE MARKET OF WATERBURY
JERICO MARKET	VILLA VILLEKULA FARM LLC
JERSEY GIRLS DAIRY	WALLINGFORD LOCKER
JOHNSON STERLING MARKET	WOODCOCK FARM CHEESE CO.,INC.
JULIANA DANYEW	YOGURT CITY – MIDDLEBURY
KARIM FARM & CREAMERY	YOGURT CITY OF MAPLE TREE, INC.
KIDDER'S SMOKE AND CURE	KISS THE COW FARM



# VERMONT



**15,500 TOTAL JOBS**



**\$43.6 Million**  
IN EXPORTS

**\$843.6 Million**  
IN TOTAL WAGES

**3.5%**  
US GDP CONTRIBUTION

**13.0%**  
VERMONT GDP CONTRIBUTION

**\$189.1 Million**  
FEDERAL TAX CONTRIBUTION

**\$136.3 Million**  
STATE TAX CONTRIBUTION

**\$4.39 BILLION**  
TOTAL ECONOMIC IMPACT





# Dairy Delivers®

## The Economic Impact of Dairy Products in Vermont

	Jobs	Wages	Economic Impact
<b>Direct Impacts</b>			
Dairy Products	2,065	\$125,251,200	\$1,456,885,500
Cheese	931	\$49,313,300	\$851,953,100
Ice Cream & Frozen Dairy Desserts	754	\$46,223,500	\$322,263,000
Milk	214	\$16,733,900	\$159,187,500
Yogurt & Cultured Products	166	\$12,980,500	\$123,481,900
Dairy-Derived Ingredients	0	\$0	\$0
Specialty Dairy Based Products	0	\$0	\$0
Other Dairy Products	0	\$0	\$0
Wholesaling	139	\$9,249,100	\$26,025,600
Retailing	1,746	\$54,812,300	\$131,885,200
<b>Total Direct Impacts</b>	<b>3,950</b>	<b>\$189,312,600</b>	<b>\$1,614,796,300</b>



## Dairy Delivers®

The Economic Impact of Dairy Products in Vermont

### Supplier Impacts

Agriculture	2,841	\$111,557,900	\$670,076,800
Mining	8	\$402,300	\$3,442,200
Construction	56	\$3,542,900	\$13,572,600
Manufacturing*	356	\$25,120,600	\$301,774,100
Transportation & Communication**	713	\$57,854,000	\$237,682,300
Wholesaling	987	\$80,160,300	\$282,836,900
Retailing	125	\$5,656,400	\$17,197,300
Finance, Insurance & Real Estate	475	\$17,293,000	\$108,676,600
Travel & Entertainment	217	\$7,558,500	\$22,682,100
Business & Personal Services	1,220	\$85,053,800	\$199,804,500
Government	70	\$7,058,800	\$17,571,700
<b>Total Supplier Impacts</b>	<b>7,068</b>	<b>\$401,258,500</b>	<b>\$1,875,317,100</b>



# Dairy Delivers®

The Economic Impact of Dairy Products in Vermont

## Induced Impacts

Agriculture	74	\$1,596,800	\$5,636,900
Mining	2	\$68,500	\$860,000
Construction	36	\$2,390,400	\$10,212,500
Manufacturing	113	\$6,706,600	\$43,384,800
Transportation & Communication	257	\$24,653,800	\$134,129,700
Wholesaling	115	\$11,684,700	\$58,636,600
Retailing	610	\$24,641,100	\$77,423,300
Finance, Insurance & Real Estate	336	\$15,920,500	\$147,946,600
Travel & Entertainment	699	\$23,502,200	\$80,058,100
Business & Personal Services	2,042	\$132,627,700	\$313,457,100
Government	45	\$4,768,800	\$15,563,600
Other	109	\$4,488,200	\$9,681,500
<b>Total Induced Impacts</b>	<b>4,438</b>	<b>\$253,049,300</b>	<b>\$896,990,700</b>

<b>Total Economic Impact</b>	<b>15,456</b>	<b>\$843,620,400</b>	<b>\$4,387,104,100</b>
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	Federal Taxes	State and Local Taxes	Total Taxes
<b>Business Taxes</b>	<b>\$189,091,300</b>	<b>\$136,292,600</b>	<b>\$325,383,900</b>

Industry Transformed:  
Substantial In-state Raw Milk  
Supply and Use



# Change in Vermont FMMO 1 Pooled Milk To Plant Destination

## Dan's Estimate

<u>1996</u>
<u>Percent</u>
15%
85%
75%
<u>Pounds</u>
375,000,000
2,125,000,000
<u>1,800,000,000</u>
2,500,000,000

	2011	2019
of VT	53.9	24
	46.1	62
	3	3
	7	38
	35.9	24
	15	2019
	2011	
	13	1,650,500,746
	1,175	1,011,425,483
	797	642,124,495
	2,629	2,661,926,229
	557,757,204	
	919,415,040	
	379,564,341	

Brian Riordon, FMMO 1 Economist, Report to the Task Force, October, 2021

## Total VT and Non-VT Supply to VT Plants (est, 2020)

### **FMMO 1 Pool Milk Received by Plants in Vermont (Audited)**

	2020	
	<i>Pounds</i>	<i>%</i>
From VT Source	1,578,952,843	<b>81.2%</b>
From Outside VT	365,002,671	<b>18.8%</b>
Total	1,943,955,514	

### **All Milk Received by All Vermont Plants (est)**

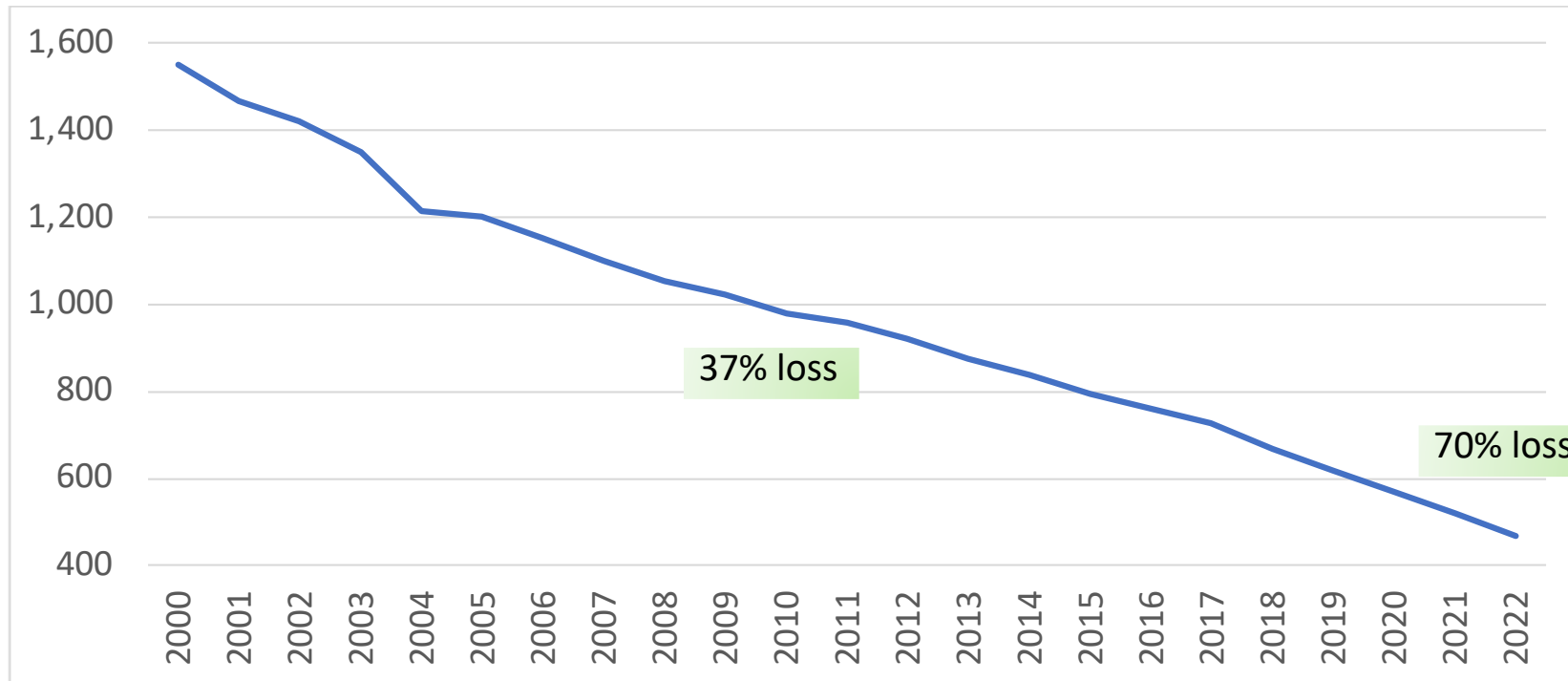
Including Non-pool milk

	2020	
	<i>Pounds</i>	<i>%</i>
VT FMMO 1 Supply	1,578,952,843	<b>79.4%</b>
<b>Non-FMMO 1 VT supply (est*)</b>	<u>44,200,000</u>	<u><b>2.2%</b></u>
Total VT Supply (est*)	1,623,152,843	<b>81.6%</b>
FMMO 1 From Outside VT	<u>365,002,671</u>	<b>18.4%</b>
Total VT Plant Supply (est)	1,988,155,514	

## 2. Alarming Loss of Farms

- *Inadequate Pay Prices*
- *Price Volatility*
- *Labor*
- *Other causes*

## Loss of Vermont FMMO 1 Pooled Farms Following 2000 FMMO Reform



### FMMO 1 Number of Producers By State

	CT	DE	ME	MD	MA	NH	NJ	NY	PA	VT	VA	WV	Other States***	TOTAL
<b>2000</b>	216	74	399	687	257	167	160	6,775	6,720	1,549	149	35	92	17,280
<b>2010</b>	127	##	317	469	143	129	88	4,840	5,728	978	54	##	557	13,430
<b>2021</b>	71	##	177	259	78		##	3,217	3,924	520	##	##	492	8,738
<b>2022</b>	[REDACTED]							November			467			

### FMMO 1 Milk Production By State

	CT	DE	ME	MD	MA	NH	NJ	NY	PA	VT	VA	WV	Other States***	TOTAL
<b>2000</b>	458.9	124.6	507.1	1,118.7	351.3	300.2	224.5	10,153.5	7,664.7	2,651.0	230.8	52.2	119.5	23,957
<b>2010</b>	352.1	##	575.2	806.8	212.7	283.3	125.5	10,827.7	8,040.3	2,491.8	76.7	##	543.6	24,336
<b>2021</b>	418.7	##	557.2	722.4	177.3	210.2	##	13,981.9	8,117.1	2,532.8	##	##	327.7	27,045

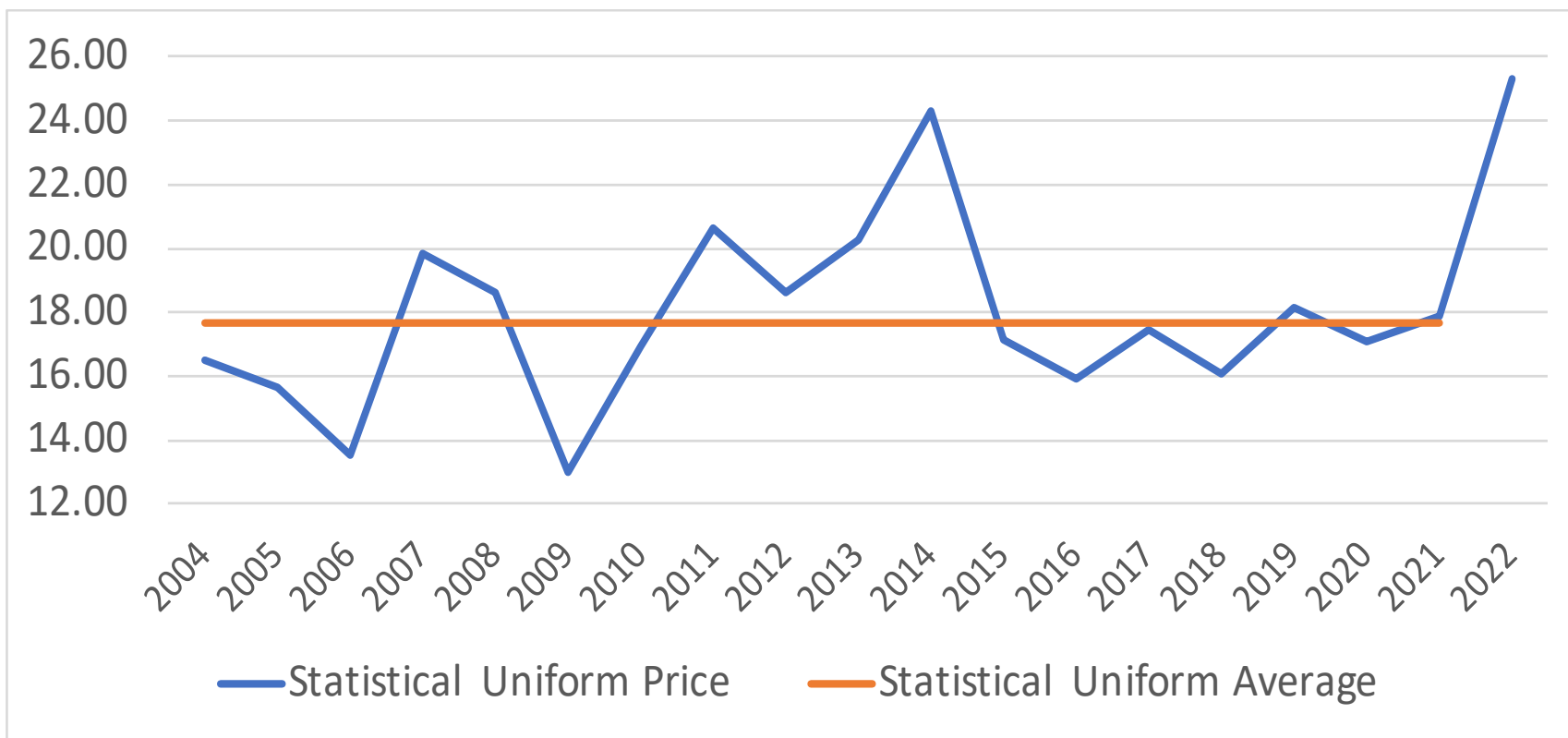
Northeast Milk Marketing Area Statistical Handbook January 2000 – Present, Tables 33 and 34

# Dairy Update – August 29, 2022

- Vermont Cow Dairy Farm Numbers – Agency of Agriculture Dairy Section

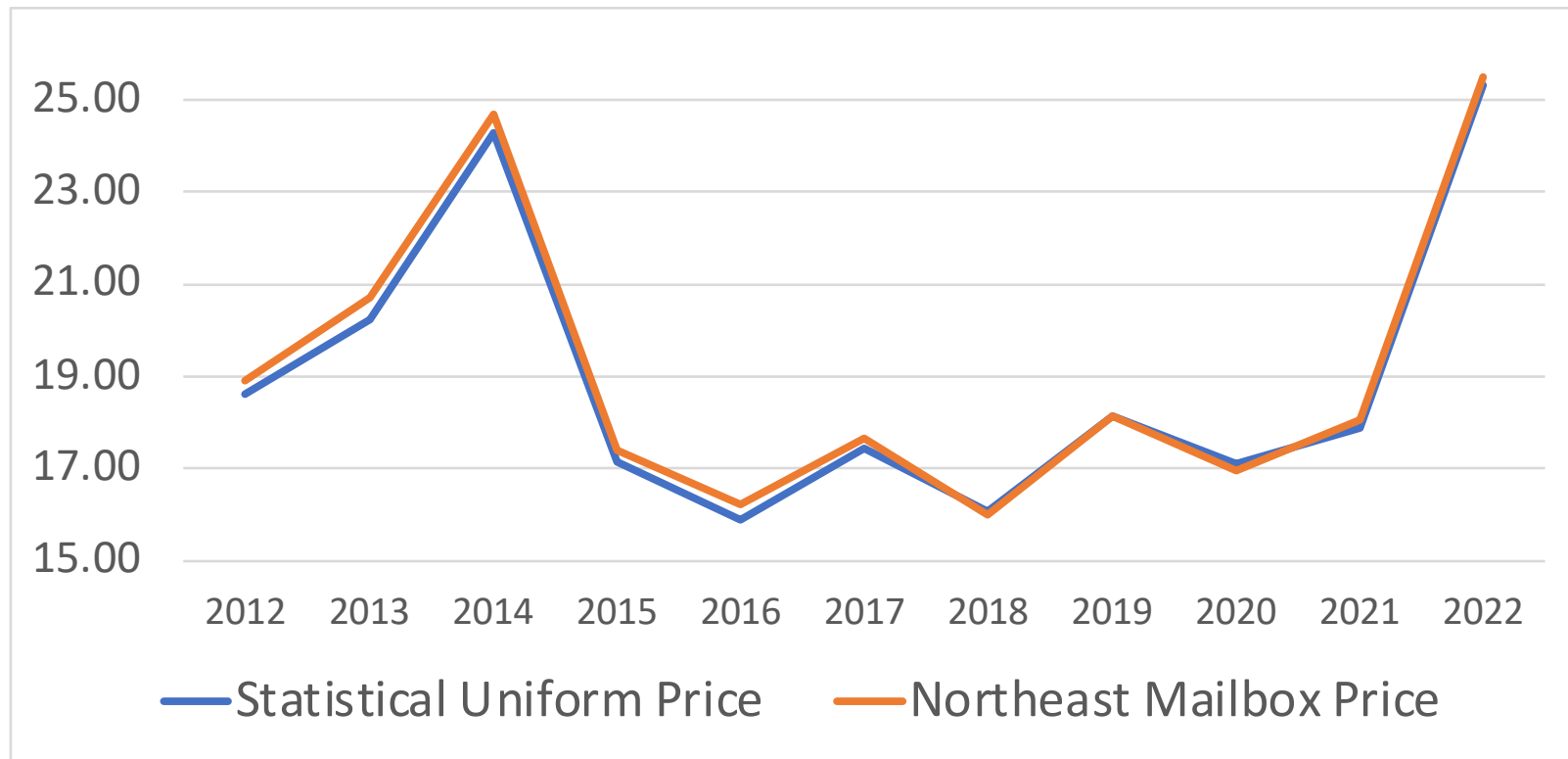
cows						
County	2017	2018	2019	2020	2021	2022 to date
Addison	115	108	103	97	88	84
Bennington	13	12	12	10	10	9
Caledonia	62	58	53	50	51	49
Chittenden	53	42	39	40	28	27
Essex	16	14	13	12	10	10
Franklin	141	130	119	114	109	105
Grand Isle	15	13	12	10	9	9
Lamoille	28	26	26	24	24	24
Orange	73	66	61	56	56	52
Orleans	127	119	111	103	93	90
Rutland	60	53	48	43	38	39
Washington	38	35	30	28	22	19
Windham	22	22	23	22	19	19
Windsor	31	28	28	29	26	23
TOTAL	796	725	677	636	583	558

## FMMO Producer Pricing, 2004 - 2022



Northeast Milk Marketing Area Statistical Handbook January 2000 - Present

## FMMO and Mailbox Pricing, 2012 - 2022



Northeast Milk Marketing Area Statistical Handbook January 2000 - Present



## Dairy Update – August 29, 2022

Vermont Cow Dairy Farm Numbers –  
Organic from NOFA and On-Farm  
Processing from Agency of Agriculture  
Dairy Section

A part of the total of farm numbers in  
Vermont.

### Organic Dairies

2017	2018	2019	2020	2021	2022
199	190	187	169	162	155

### On-Farm Processors - includes Cow, Goat and Sheep

2017	2018	2019	2020	2021	2022
68	63	66	67	70	70

### 3. Vermont's Renewed Legal Authority To Impose State Over-order Price Regulation

*FMMO 1 Pooled Milk Supplied To Vermont Plants*  
*Subject to State Regulation*

	Pounds	Percent
	2020	
From VT Source	<b>1,578,952,843</b>	<b>81.2%</b>
From Outside of VT	<b><u>365,002,671</u></b>	<b>18.8%</b>
Total	<b>1,943,955,514</b>	

Brian Riordon, FMMO 1 Economist, Report to the Task Force, October, 2021 P.36 (data)

## Total VT Milk Pool

	2020
	<i>Pounds</i>
Total VT Supply (est*)	1,623,152,843
Total VT Milk Production (NASS)	2,602,000,000
<b><i>% In-state use/production</i></b>	<b>62%</b>
<b><i>% Export Out of State</i></b>	<b>38%</b>
Raw Milk to Out-of-State Milk Plants	

## Pooling and Minimum Producer Price Sharing

### VT Producers Only

	2020
	<i>Pounds</i>
Total VT Supply (est*)	1,623,152,843
Total VT Milk Production (NASS)	2,602,000,000
<b>% Uniform Producer Price Sharing</b>	<b>62%</b>

❖ *Return \$0.62/dollar charged*  
Compact = 42%; ME = 33%

### All Supplying Producers

	2020
	<i>Pounds</i>
All VT Plant Supply (est*)	1,988,155,514
All Milk Production (NASS)	2,967,002,671
<b>% Uniform Producer Price Sharing</b>	<b>67.0%</b>

❖ *Return \$0.67/dollar charged*

**Testimony of Law Professor Brannon Denning  
September 26, 2022**

<https://www.youtube.com/watch?v=0dFoUzb5YyY>  
**(1 hr 28 min)**

*\*If out-of-state supply to Vermont plants is also regulated,  
proceeds must be paid equitably to out-of-state producers*

4. Need for Price Regulation to Apply to Raw Milk Used to Manufacture Products Sold out-of-state, to be Effective

## *In-state and Out-of-state Consumption/Export of Dairy Products*

	Per person per year	Total VT
VT Milk Plant production per year (raw milk equivalent lbs)		1,988,155,514
Vermont Population (2021) 643,000		
Beverage milk consumption (raw milk equivalent, lbs)	141	90,663,000
Other dairy products consumption (raw milk equivalent, lbs)	514	<u>330,502,000</u>
All VT dairy products' consumption (raw milk equivalent lbs)		421,165,000
% of beverage milk consumed In-state/production of all dairy products		5%
% of all dairy products consumed In-state/production		21%
Imported dairy products (est)		<u>11%</u>
<b><i>Net % of VT Milk Plant Production Consumed In-State</i></b>		<b><u>10%</u></b>
<b><i>Net % of VT Milk Plant Production Exported Out-of-State</i></b>		<b>90%</b>



## 5. Need to Update and Revise 6 V.S.A. Chapter 161

### **6 V.S.A § 2921. Declaration of policy and purpose**

\*\*\*

(b) The general purposes of this subchapter are to protect and promote the public welfare by insuring at all times an adequate supply of clean, pure milk and cream of proper quality to meet the needs of the inhabitants of this State...(Added 1965, No. 175, § 39; amended 1991, No. 17, § 2, eff. April 4, 1991.)

## Modernized Milk Market Regulation - Program Objectives

Stable Supply to All VT Milk Plants

- “Cost of Production adjustment”
- “Adjustment for Vermont conditions”)
- Supply control
- Tiered Payments
- Trucking Costs

Maintain Farm Viability

Economic Development/  
Tourism Tied to Dairy Industry

- Culture
- Physical Landscape

Internalize environmental costs

# *Introduction to Draft Legislative Amendments*

- Account for change to flourishing in-state manufacturing industry
- Account for organic and other means of production
- Add Producer Referendum
- Add Supply management
- Authorize tier payments
- Add exemptions
- Add Emergency rulemaking authority

- Clarify no “reblending” of over-order proceeds allowed
- Specific call for review of trucking charge issues
- Clarify milk checks
- Clarify situs of transfer definition

## *Environmental cost/compliance considerations*

- ANR Secretary added to Commission
- Pricing criteria added

## 6. Process Review

- **Development of Legislation is only one step of a multi-step process that may or may not lead to price regulation**
  - *Legislative action*
  - *Rulemaking procedure*
    - *“Subjects and Issues” hearing procedure*
    - *Issuance (or not) of a “Proposed Rule” and hearing procedure*
    - *Issuance (or not) of “Final Rule”*
      - *Producer referendum (approval or not)*
    - *Critical issues of consumer and industry impact are comprehensively assessed here*

## 6. Next and Additional Steps

- Provide clearer Legislative directive to Commission
  - Draft requires Commission only to hold one hearing to decide whether to impose regulation
- Consider more comprehensive update to the Commission, itself
- Provision of personnel and financial resources to conduct rulemaking
- Consider imposition of “handler fee” in addition to regulation

# Sources

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