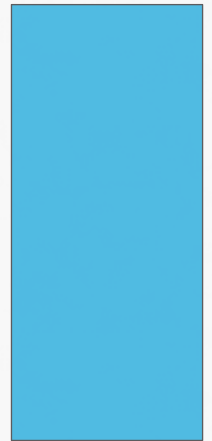


VERMONT MILK COMMISSION

REVIEW OF STATUTE AND POWERS OF THE MILK COMMISSION
OCTOBER 9, 2013



POWERS OF THE MILK COMMISSION

- Declaration of Policy and Purpose
- Concerns for the dairy industry
 - Milk prices not meeting the cost of production
 - Federal Order Minimum Price too low
 - Need an reasonable economic return
 - Distribution of milk threatened
 - Need to ensure an adequate supply of milk for VT and outside of Vermont

POWERS OF THE MILK COMMISSION

- Declaration of Policy and Purpose
- General Purpose
 - Protect and Promote public welfare
 - Insure an adequate supply of milk and cream
 - To meet the needs of the state's population
 - And to ensure continued economic vitality of the dairy industry
 - By stabilizing the price at a level that allows an equitable rate of return

POWERS OF THE MILK COMMISSION

- Declaration of Policy and Purpose
- General Purpose – accomplished through
 - Regulation of the milk marketing industry
 - General control, consistent with constitutional limitations, of the price of fluid dairy products
 - Sold or offered or exposed for sale to the inhabitants of this state
 - And by Vermont farmers
 - To the end that public health and economic welfare of the state shall not be menaced or jeopardized

POWERS OF THE MILK COMMISSION

- Membership of the milk commission
 - Co-ops and Handlers nominate, VDIA screens and Governor appoints 2 dairy farmers with knowledge of production and marketing
 - Milk handlers nominate, VDIA screens and Governor appoints 1 processor with knowledge of marketing dairy products
 - Two consumers appointed by the governor
 - One dairy farmers not serving on any boards appointed by the governor
 - 1 senator and 1 representative

POWERS OF THE MILK COMMISSION

- Membership of the milk commission
 - Co-op Handler Nominated
 - Paul Doton
 - Harold Howrigan
 - Handler Nominated
 - Cheryl DeVos
 - Consumer
 - Rachel Johnson
 - Vacant
 - Farmer not associated with statewide organization
 - Eric Paris
 - Senator Starr
 - Representative Lawrence
 - Chair Chuck Ross

POWERS OF THE MILK COMMISSION

- Powers and Duties

- Authority over milk prices.
 - Minimum and or maximum price
 - Manner of payments to producers
 - Prices charged to consumers and handlers for milk used in dairy products
- Equitable minimum producer prices.
 - Establish a equitable minimum price paid to dairy producers on milk produced in VT
 - Commission collects money and distributes to farmers amount above federal order minimum
- Public Hearings
 - Commission must hold a public hearing at least annually
 - Status of the dairy industry
- Voluntary payments – commission can accept voluntary payments

POWERS OF THE MILK COMMISSION

- Powers and Duties
 - Premiums on handlers and distributors for milk used in dairy products sold at retail in VT
 - may assess a premium on handlers & distributors for milk used in dairy products sold at retail in VT
 - premiums assessed & received shall be paid to the state treasury & deposited in the special fund
 - proceeds of the premium shall be distributed to dairy producers as a blend price
 - commission shall also take into account any similar assessments made by other states when setting premium

POWERS OF THE MILK COMMISSION

- Powers and Duties
 - Payment Statements Requirements
 - national support price
 - the Boston, MA price
 - the producer price differential
 - the amount per hundredweight of any charges or deduction
 - format shall be provided with clear language and with no abbreviations

POWERS OF THE MILK COMMISSION

- Minimum producer price regulation
 - make, rescind, or amend an order regulating minimum producer prices IF
 - FMMO price to cover cost of production
 - provide a reasonable economic return to dairy producers
 - sufficient to ensure a stable milk production and distribution system in VT

POWERS OF THE MILK COMMISSION

- Minimum producer price regulation
 - Guidelines for setting prices
 - investigate and ascertain what are reasonable costs and charges
 - Producing
 - Hauling
 - Handling
 - Processing
 - and any other services performed in respect to dairy products

POWERS OF THE MILK COMMISSION

- Guidelines for Setting Prices
 - Commission shall consider
 - balance between production and consumption of dairy products
 - the costs of production and distribution
 - the purchasing power of the public
 - the price necessary to yield a reasonable return to the producers, handlers, and distributors

POWERS OF THE MILK COMMISSION

- Guidelines for Setting Prices
- Minimum producer price
- Should reflect
 - producer prices prevailing in federal market order I
 - reflect as accurately as possible the costs of production in VT
 - within constitutional limitations, the competitive position of VT producers within the market order.
 - actual rate of return received by distributors or handlers, whichever is greater, as determined by the commission.

POWERS OF THE MILK COMMISSION

- Guidelines for Setting prices
- Minimum retail prices
- Should reflect
 - lowest price at which milk purchased from producers
 - Received
 - Processed
 - Packaged
 - distributed by handlers and distributors
 - To provide a just and reasonable return.

POWERS OF THE MILK COMMISSION

- Guidelines for Setting prices
- Minimum producer & retail prices
- shall make **applicable findings**
 - regarding the competitive position of producers and their costs,
 - handler and distributor costs,
 - reasonable rates of return,
 - and actual handler and distributor rates of return.

POWERS OF THE MILK COMMISSION

- Guidelines for Setting prices
- Once prices established
 - need not be uniform in all markets
 - may be changed from time to time after such notice and public hearing
 - deemed by the commission to be in the public interest

POWERS OF THE MILK COMMISSION

- Guidelines for Setting prices
- Pricing by cooperatives –A producer cooperative can
 - Blend the proceeds from the sale of its milk in all markets and all classifications
 - Distribute payments to its members in accordance with the contract with its members
 - Deduct from sums due members of such sums as may be authorized by the membership to be so deducted

POWERS OF THE MILK COMMISSION

- Guidelines for Setting prices
- Law applies to
 - milk produced outside the state subject to regulation by the state in the exercise of its constitutional police powers.
 - Any sale or purchase by distributors or handlers of such milk within this state at a price less than a regulated minimum price shall be unlawful

POWERS OF THE MILK COMMISSION

- Power to conduct hearings
- make orders hereunder, conduct hearings, subpoena and examine under oath
 - Producers, Handlers and Distributors
 - their books
 - records
 - documents
 - correspondence
 - accounts
 - any other person it deems necessary to carry out the purposes and intent of this chapter.

POWERS OF THE MILK COMMISSION

- Orders can be challenged
 - Rehearing can be request within 20 days of issuing a final order
 - Can be appealed to the Supreme court in VT
- If an order is upheld but not followed
 - Secretary has power of administrative penalty
 - \$10,000 for each violation
 - Upper Limit of \$50,000