

1 * * * DFR Report on Milk Pricing * * *

2 Sec. 31. DEPARTMENT OF FINANCIAL REGULATION; OVERSIGHT
3 OF MILK PRICING IN VERMONT; REPORT; TASK FORCE

4 (a) Findings. The General Assembly finds that:

5 (1) The minimum pay price received by most dairy farmers in Vermont
6 is regulated and established by the Federal Milk Market Order Program based
7 on a complex formula, and under this formula, the regulated minimum price
8 for Vermont dairy farms has been for many years set at an amount below the
9 costs of production.

10 (2) Most dairy farmers in Vermont utilize the two remaining
11 membership-based dairy cooperatives to sell their milk for market prices above
12 the federally regulated minimum pay prices, and the cooperatives levy fees and
13 other surcharges on their member dairy farmers to cover the marketing costs.

14 (3) Amidst radical market changes and an oversupply of milk, the dairy
15 cooperatives recently have been unable to obtain pay prices for Vermont dairy
16 farmers that are above the federally regulated minimum prices, and, as a result,
17 the charges assessed to their members have often caused the net price that
18 Vermont dairy farmers receive to fall below the regulated minimum prices and
19 to amount to significantly less than the costs of production.

1 (4) Vermont dairy farms have suffered from combined regulatory and
2 market failures, and 60 percent of the State's dairy farms subject to the federal
3 regulatory program have closed since the year 2000.

4 (5) Before Vermont loses another substantial portion of its remaining
5 dairy farming community, the State agency with expertise in financial
6 regulation and rational market pricing should review the milk pricing system
7 for dairy farmers in Vermont to collect and assess data on the long-term
8 sustainability and fairness to the Vermont dairy farming community of the
9 federal milk market order pricing system, current market conditions, and dairy
10 cooperative operation.

11 (b) Report. On or before January 15, 2021, the Commissioner of Financial
12 Regulation shall submit to the Senate Committees on Agriculture and on
13 Economic Development, Housing and General Affairs and the House
14 Committees on Agriculture and Forestry and on Commerce and Economic
15 Development an assessment of the long-term sustainability of Vermont dairy
16 farming under the existing federal milk market order pricing system, current
17 market conditions, and dairy cooperative operation. In developing the
18 assessment, the Commissioner of Financial Regulation shall obtain from the
19 Secretary of Agriculture, Food and Markets an accounting of payments made
20 to milk producers under the federal milk market order. After consultation with
21 the Secretary of Agriculture, Food and Markets, the Commissioner is

1 authorized to utilize the Vermont Milk Commission's authority under 6 V.S.A.
2 § 2936 to obtain information from milk handlers regarding the prices paid to
3 purchase various forms of milk from Vermont producers; the costs of
4 production, processing, transporting, distributing, and marketing milk; and any
5 other information deemed necessary and relevant by the Commissioner. The
6 Commissioner is also authorized to use the authority established under
7 6 V.S.A. § 2936, and the authority under 8 V.S.A. § 13, to assess the use and
8 impact of payments made to milk producers. The report of the Commissioner
9 of Financial Regulation shall include:

10 (1) an evaluation of the long-term sustainability of dairy farming in
11 Vermont under the current regulatory and market conditions; and

12 (2) recommendations for revising regulated dairy pricing and other
13 market regulation in the State to improve the future viability of Vermont dairy
14 farming.

15 (c) Task force.

16 (1) After receipt of the report required under subsection (b) of this
17 section, the Committee on Committees and the Speaker of the House shall
18 appoint a joint committee of legislators and other experts to be known as the
19 Task Force to Revitalize the Vermont Dairy Industry to develop legislation to
20 implement the recommendations of the Commissioner of Financial Regulation.

1 (2) The Office of Legislative Council shall call the first meeting of the
2 Task Force to occur not later than 45 days after receipt of the report required
3 under subsection (b) of this section.

4 (3) The Task Force shall elect co-chairs from among its members at the
5 first meeting.

6 (4) A majority of the membership shall constitute a quorum.

7 (5) The Task Force shall submit draft legislation to the General
8 Assembly on or before December 15, 2021.

9 (6) The Task Force shall cease to exist on March 1, 2022.

10 (7) For attendance at meetings during adjournment of the General
11 Assembly, a legislative member of the Task Force shall be entitled to per diem
12 compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for
13 not more than 10 meetings. These payments shall be made from monies
14 appropriated to the General Assembly.

15 (8) Other members of the Task Force that are not legislative members
16 shall be entitled to both per diem compensation and reimbursement of
17 expenses as permitted under 32 V.S.A. § 1010 for not more than 10 meetings.
18 These payments shall be made from monies appropriated to the General
19 Assembly.

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