

106TH CONGRESS  
1ST SESSION

# H. R. 2324

To amend the Agricultural Adjustment Act to terminate Federal milk marketing orders and to replace such orders with a program to verify receipts of milk.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 23, 1999

Mr. OBEY introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To amend the Agricultural Adjustment Act to terminate Federal milk marketing orders and to replace such orders with a program to verify receipts of milk.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. TERMINATION OF MILK MARKETING ORDERS.**

4 (a) TERMINATION.—Section 8c of the Agricultural  
5 Adjustment Act (7 U.S.C. 608c), reenacted with amend-  
6 ments by the Agricultural Marketing Agreement Act of  
7 1937, is amended by striking paragraphs (5) and (18) re-  
8 lating to milk and its products.

1 (b) PROHIBITION ON SUBSEQUENT ORDERS RE-  
2 GARDING MILK.—Paragraph (2) of such section is  
3 amended—

4 (1) by striking “Milk, fruits” and inserting  
5 “Fruits”; and

6 (2) by inserting “milk,” after “honey,” in sub-  
7 paragraph (B).

8 (c) CONFORMING AMENDMENTS.—(1) Section 2(3) of  
9 such Act (7 U.S.C. 602(3)) is amended by striking “, other  
10 than milk and its products,”.

11 (2) Section 8c of such Act (7 U.S.C. 608c) is  
12 amended—

13 (A) in paragraph (6), by striking “, other than  
14 milk and its products,”;

15 (B) in paragraph (7)(B), by striking “(except  
16 for milk and cream to be sold for consumption in  
17 fluid form)”;

18 (C) in paragraph (11)(B), by striking “Except  
19 in the case of milk and its products, orders” and in-  
20 serting “Orders”;

21 (D) in paragraph (13)(A), by striking “, except  
22 to a retailer in his capacity as a retailer of milk and  
23 its products”; and

24 (E) in paragraph (17), by striking the second  
25 proviso, which relates to milk orders.

1           (3) Section 8d(2) of such Act (7 U.S.C. 608d(2)) is  
2 amended by striking the second sentence, which relates to  
3 information from milk handlers.

4           (4) Section 10(b)(2) of such Act (7 U.S.C. 610(b))  
5 is amended—

6           (A) by striking clause (i);

7           (B) by redesignating clauses (ii) and (iii) as  
8 clauses (i) and (ii), respectively; and

9           (C) in clause (i) (as so redesignated), by strik-  
10 ing “other commodity” in the first sentence and in-  
11 serting “commodity”.

12          (5) Section 11 of such Act (7 U.S.C. 611) is amended  
13 by striking “and milk, and its products,”.

14          (6) Section 715 of the Agriculture, Rural Develop-  
15 ment, Food and Drug Administration, and Related Agen-  
16 cies Appropriations Act, 1994 (Public Law 103–111; 107  
17 Stat. 1079; 7 U.S.C. 608d note), is amended by striking  
18 the third proviso, which relates to information from milk  
19 handlers.

20          (d) EFFECTIVE DATE.—The amendments made by  
21 this section shall take effect on \_\_\_\_\_.

22 **SEC. 2. PROGRAM TO VERIFY RECEIPTS OF MILK.**

23          (a) PROGRAM REQUIRED.—The Secretary of Agri-  
24 culture shall establish a program through which the  
25 verification of receipts of all cow’s milk marketed in the

1 48 contiguous States and the auditing of marketing agree-  
2 ments with respect to receipts of such milk may be accom-  
3 plished.

4 (b) MARKET SERVICES.—The program shall provide  
5 a means by which (1) market statistics and information  
6 are collected and provided to producers, handlers, and con-  
7 sumers, (2) the weighing, sampling, and testing of milk  
8 purchased from producers is accomplished and verified,  
9 (3) authorized deductions from payments to producers, in-  
10 cluding assessments for research and promotion programs,  
11 are collected, (4) assurance of proper payment by handlers  
12 for milk purchased is achieved, and (5) the reports,  
13 records, and facilities of handlers are reviewed and in-  
14 spected to assure their accuracy. However, this subsection  
15 shall not apply to producers for whom such market serv-  
16 ices are being rendered by a cooperative marketing asso-  
17 ciation qualified under the provisions of the Act of Feb-  
18 ruary 18, 1922 (7 U.S.C. 291–292; commonly known as  
19 the Co-operative Marketing Associations Act).

20 (c) REPORTING REQUIREMENTS.—The program shall  
21 provide for the filing of reports by handlers of milk and  
22 milk products, and the publication of statistics by the Sec-  
23 retary, with respect to receipts of milk, prices paid for  
24 milk, and the purposes for which milk was used by han-  
25 dlers.

1           (d) ADMINISTRATIVE ASSESSMENT.—The program  
2 shall provide for an assessment on handlers, based on rel-  
3 ative volume of receipts of milk, for expenses related to  
4 the administration of the program, and for a deduction  
5 from producer payments by handlers, based on relative  
6 marketings of milk, for expenses related to market services  
7 provided under the program by the Secretary or a coopera-  
8 tive marketing association. The total revenue from such  
9 assessments and deductions shall not exceed the total cost  
10 of providing those services.

11           (e) MARKETING AGREEMENTS.—Producers or asso-  
12 ciations of producers, including cooperative marketing as-  
13 sociations qualified under the provisions of the Act of Feb-  
14 ruary 18, 1922 (7 U.S.C. 291–292; commonly known as  
15 the Co-operative Marketing Associations Act), may nego-  
16 tiate and enter into marketing agreements or other private  
17 contracts with handlers for the marketing and receipt of  
18 milk. Upon the request of either or both of the parties,  
19 the Secretary may perform an audit of the agreement or  
20 contract to assure compliance with its terms, except that  
21 the Secretary shall be reimbursed for any costs associated  
22 with the audit in the manner provided in the agreement  
23 or contract. If there is no provision for the reimbursement  
24 of the Secretary in the agreement or contract, the party

1 or parties requesting the audit shall provide such reim-  
2 bursement.

3 (f) PROHIBITION ON MARKETING LIMITATIONS.—No  
4 marketing agreement or Government order or regulation  
5 applicable to milk and its products in any marketing area  
6 or jurisdiction shall prohibit or in any manner limit the  
7 marketing in that area of any milk or product of milk pro-  
8 duced in any production area in the United States.

9 (g) FINAL REGULATIONS.—Not later than  
10 \_\_\_\_\_, the Secretary shall issue final regulations  
11 to establish the verification program required by this sec-  
12 tion. The regulations shall take effect on that date.

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