

106TH CONGRESS  
2D SESSION

# H. R. 5051

To provide direct payments to dairy producers for any month in which the prices received by milk producers for milk for the preceding three months is less than a target price of \$12.50 per hundredweight.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 27, 2000

Mr. KIND (for himself, Mr. OBEY, Ms. BALDWIN, Mr. HOUGHTON, Mr. SANDERS, and Mr. BALDACC) introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To provide direct payments to dairy producers for any month in which the prices received by milk producers for milk for the preceding three months is less than a target price of \$12.50 per hundredweight.

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. SHORT TITLE.**

4 This Act may be cited as the “National Family Farm  
5 Dairy Equity Act of 2000”.

### 6 **SEC. 2. DIRECT PAYMENTS TO DAIRY PRODUCERS TO OFF-** 7 **SET LOW MILK PRICES.**

8 (a) **DEFINITIONS.**—In this section:

1           (1) AVERAGE MILK PRICE.—The term “average  
2           milk price” means the average price under the Fed-  
3           eral milk marketing orders of Class III milk (or milk  
4           used to produce cheese) and Class IV milk (or milk  
5           used to produce butter and nonfat dry milk) for the  
6           preceding three-month period.

7           (2) CLASS I MILK.—The term “Class I milk”  
8           means milk classified as Class I milk under a Fed-  
9           eral milk marketing order.

10          (3) CLASS II MILK.—The term “Class II milk”  
11          means milk classified as Class II milk under a Fed-  
12          eral milk marketing order.

13          (4) CLASS III MILK.—The term “Class III  
14          milk” means milk classified as Class III milk under  
15          a Federal milk marketing order.

16          (5) CLASS IV MILK.—The term “Class IV  
17          milk” means milk classified as Class IV milk under  
18          a Federal milk marketing order.

19          (6) FEDERAL MILK MARKETING ORDER.—The  
20          term “Federal milk marketing order” means a milk  
21          marketing order issued under section 8c of the Agri-  
22          cultural Adjustment Act (7 U.S.C. 608c), reenacted  
23          with amendments by the Agricultural Marketing  
24          Agreement Act of 1937.

1           (7) SECRETARY.—The term “Secretary” means  
2           the Secretary of Agriculture.

3           (8) TARGET PRICE.—The term “target price”  
4           means \$12.50 per hundredweight for milk con-  
5           taining 3.67 percent butterfat.

6           (b) PAYMENTS REQUIRED.—The Secretary shall  
7           make a payment under this section to producers on a farm  
8           for any month in which the average milk price applicable  
9           to that month is less than the target price. Producers shall  
10          be eligible for payments regardless of whether they market  
11          their milk within the Federal milk marketing order sys-  
12          tem. Payments for producers operating outside the Fed-  
13          eral order system shall be calculated to be equivalent to  
14          payments for producers operating within the Federal  
15          order system.

16          (c) AMOUNT OF PAYMENT.—Subject to subsection  
17          (d), the amount of the payment to be made to producers  
18          on a farm under subsection (b) for a month shall be equal  
19          to the following:

20               (1) The difference between the target price and  
21               the average Class III milk price multiplied by the  
22               percentage of milk used as Class III milk of the  
23               total amount of milk marketed by the producer, as  
24               determined by the Secretary.

1           (2) The difference between the target price and  
2           the average Class IV milk price multiplied by the  
3           percentage of milk used as Class IV milk of the total  
4           amount of milk marketed by the producer, as deter-  
5           mined by the Secretary.

6           (3) The difference between the target price and  
7           the average Class I milk mover multiplied by the  
8           percentage of milk used as Class I milk of the total  
9           amount of milk marketed by the producer, as deter-  
10          mined by the Secretary.

11          (4) The difference between the target price and  
12          the average Class II milk price multiplied by the  
13          percentage of milk used as Class II milk of the total  
14          amount of milk marketed by the producer, as deter-  
15          mined by the Secretary.

16          (d) LIMITATIONS.—

17           (1) PAYMENT LIMITATION.—Maximum pay-  
18           ments under this section for a calendar year may  
19           not exceed \$50,000 per farm.

20           (2) QUANTITY LIMITATION.—The producers on  
21           a farm shall be eligible for payments under this sec-  
22           tion for a month for not more than the smaller of  
23           the following:

24           (A) The producers' average monthly pro-  
25           duction, determined using the production dur-

1           ing the previous calendar year and the current  
2           calendar year.

3                   (B) 216,666 pounds produced monthly.

4                   (C) Some other production base for the  
5           farm considered appropriate by the Secretary.

6           (3) NEW PRODUCERS.—In the case of pro-  
7           ducers on a farm who do not have a production base  
8           for the previous calendar year, the quantity limita-  
9           tion otherwise applicable under paragraph (2)(A)  
10          shall be based on current monthly production only.

11          (4) TRANSFER OF PRODUCTION BASE.—There  
12          is no restriction on the ability of the producers on  
13          a farm to transfer the production history determined  
14          under paragraph (2)(A) for the farm as part of the  
15          transfer of the ownership of the farm.

16          (e) TIME FOR PAYMENTS.—Payments required under  
17          this section for a month shall be made not later than the  
18          21st day after the end of the month.

19          (f) FARM RECONSTITUTION.—The Secretary shall  
20          carry out this section in such a manner that there are  
21          no additional outlays under this section as a result of the  
22          reconstitution of a farm that the Secretary determines oc-  
23          curred in whole or in part for the purpose of increasing  
24          the amounts received as payments under this section.

1       (g) ADMINISTRATION; FUNDING SOURCE.—The Sec-  
2       retary shall carry out this section using the funds, facili-  
3       ties, and authorities of the Commodity Credit Corporation.

4       (h) PERIOD OF EFFECTIVENESS.—This section shall  
5       be effective only during the period beginning on January  
6       1, 2001, and ending on December 31, 2005.

7       (i) COMPTROLLER GENERAL REPORT.—Not later  
8       than three years after the date of the enactment of this  
9       Act, the Comptroller General shall submit to Congress a  
10      report that analyzes the effect of the operation of this sec-  
11      tion on farm income, milk production levels, milk prices,  
12      and Government and consumer costs.

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