

115TH CONGRESS
2D SESSION

S. 3113

To promote dairy product innovation, including in specialty cheese, and value-added dairy product development for the economic benefit of United States dairy farmers and their communities.

IN THE SENATE OF THE UNITED STATES

JUNE 21, 2018

Ms. BALDWIN introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

A BILL

To promote dairy product innovation, including in specialty cheese, and value-added dairy product development for the economic benefit of United States dairy farmers and their communities.

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 “Dairy Business Inno-
5 vation Act of 2018”.

6 **SEC. 2. DAIRY PRODUCT AND BUSINESS INNOVATION INI-**
7 **TIATIVES.**

8 (a) DEFINITIONS.—In this section:

1 (1) DAIRY BUSINESS.—The term “dairy busi-
2 ness” means a business that develops, produces,
3 markets, or distributes dairy products.

4 (2) DAIRY PRODUCT.—The term “dairy prod-
5 uct” means a food that contains as a primary ingre-
6 dient, or is derived from, the lacteal secretion, prac-
7 tically free from colostrum, obtained by the complete
8 milking of one or more hooved mammals.

9 (3) INITIATIVE.—The term “initiative” means a
10 dairy product and business innovation initiative es-
11 tablished under subsection (b).

12 (4) SECRETARY.—The term “Secretary” means
13 the Secretary of Agriculture.

14 (b) ESTABLISHMENT.—The Secretary shall establish
15 not less than 3 regionally located dairy product and busi-
16 ness innovation initiatives for the purposes of—

17 (1) utilizing regional milk production;

18 (2) creating higher-value uses for dairy prod-
19 ucts;

20 (3) promoting business development that diver-
21 sifies farmer income through processing and mar-
22 keting innovation; and

23 (4) diversifying dairy product markets to reduce
24 risk.

25 (c) SELECTION OF INITIATIVES.—An initiative—

1 (1) shall be located in a region with a history
2 of dairy farming;

3 (2) shall be positioned in proximity to existing
4 dairy industry resources, including research capac-
5 ity, academic and industry expertise, a density of
6 dairy farms or farmland suitable for dairying, and
7 dairy businesses;

8 (3) may serve a certain product niche, such as
9 artisanal cheese, or serve dairy businesses with dairy
10 products derived from a specific type of dairy ani-
11 mal; and

12 (4) shall serve dairy businesses in other regions.

13 (d) ENTITIES ELIGIBLE TO HOST INITIATIVE.—

14 (1) IN GENERAL.—Any of the following entities
15 may submit to the Secretary an application to host
16 an initiative:

17 (A) A State department of agriculture or
18 other State entity.

19 (B) A nonprofit entity with capacity to
20 provide consultation, expertise, and grant dis-
21 tribution and tracking.

22 (C) An institution of higher education.

23 (D) A cooperative extension service.

24 (2) PARTNERS.—An entity described in para-
25 graph (1) may establish partners prior to the sub-

1 mission of the application under that paragraph, or
 2 add partners on consultation with the Secretary,
 3 which may include—

4 (A) a generic program to promote and pro-
 5 vide research and information for dairy and
 6 dairy products (commonly known as a “dairy
 7 checkoff program”);

8 (B) a foundation; and

9 (C) any other entity described in subpara-
 10 graphs (A) through (D) of that paragraph.

11 (e) ACTIVITIES OF INITIATIVES.—

12 (1) DIRECT ASSISTANCE TO DAIRY BUSI-
 13 NESSES.—An initiative shall provide assistance to
 14 dairy businesses in accordance with the following:

15 (A) PROVISION OF DIRECT ASSISTANCE.—

16 Assistance may be provided directly to dairy
 17 businesses in a private consultation or through
 18 widely available distribution, and may be pro-
 19 vided—

20 (i) directly by the entity that hosts the
 21 initiative under subsection (d)(1);

22 (ii) through contracting with industry
 23 experts;

24 (iii) through the provision of technical
 25 assistance, such as informational websites,

1 webinars, conferences, trainings, plant
2 tours, and field days; and

3 (iv) through research institutions, in-
4 cluding cooperative extension services.

5 (B) TYPES OF ASSISTANCE.—Eligible
6 forms of assistance include—

7 (i) business consulting, including busi-
8 ness plan development for processed dairy
9 products;

10 (ii) accounting and financial literacy
11 training;

12 (iii) market evaluation;

13 (iv) strategic planning assistance;

14 (v) product innovation, including re-
15 lating to value-added products;

16 (vi) marketing and branding assist-
17 ance, including market messaging, con-
18 sumer assessments, and evaluation of re-
19 gional, national, and international markets;

20 (vii) innovation in emerging market
21 opportunities, including agritourism, and
22 marketing communication methods;

23 (viii) packaging, distribution, and sup-
24 ply chain innovation;

25 (ix) food safety training;

1 (x) dairy product production training,
2 including in new, rare, or innovative tech-
3 niques; and

4 (xi) process and processing facility im-
5 provement, including planning for and im-
6 plementing plant upgrades, food safety
7 modernization, energy and water efficiency,
8 byproduct reprocessing and use maximiza-
9 tion, and waste treatment.

10 (2) COMPETITIVE GRANTS TO DAIRY BUSI-
11 NESSES.—An initiative shall provide competitive
12 grants for new and existing dairy businesses for the
13 purposes of—

14 (A) modernization, specialization, and
15 grazing transition on dairy farms;

16 (B) value chain and commodity innovation
17 and facility and process updates for dairy proc-
18 essors; and

19 (C) product development, packaging, and
20 marketing of dairy products.

21 (f) DISTRIBUTION OF FUNDS.—

22 (1) IN GENERAL.—Of the funds made available
23 to carry out this section, the Secretary shall provide
24 not less than 3 awards to eligible entities described

1 in subsection (d)(1) for the purposes of carrying out
2 the activities under subsection (e).

3 (2) MULTIYEAR FUNDING.—The Secretary is
4 encouraged—

5 (A) to award funds under paragraph (1) in
6 multiyear funding allocations; and

7 (B) to require frequent reporting, as ap-
8 propriate.

9 (3) USE OF FUNDS.—

10 (A) IN GENERAL.—The funds awarded to
11 an eligible entity under paragraph (1) may be
12 used—

13 (i) for program administration of an
14 initiative, including staff costs; and

15 (ii) for workshops or other informa-
16 tional sessions that—

17 (I) directly benefit dairy busi-
18 nesses and entrepreneurs; or

19 (II) enhance the capacity of pro-
20 viders of technical assistance to dairy
21 businesses.

22 (B) ALLOCATION.—Not less than 50 per-
23 cent of the funds awarded to an eligible entity
24 under paragraph (1) shall be allocated to di-
25 rectly benefit new dairy businesses or dairy

1 businesses that wish to update their products or
2 processes using a grant under subsection (e)(2).

3 (4) PRIORITY.—An eligible entity shall give pri-
4 ority the provision of direct assistance under sub-
5 section (e)(1) and grants under subsection (e)(2)
6 to—

7 (A) small- and medium-sized dairy farms
8 and dairy businesses;

9 (B) employee-owned dairy businesses;

10 (C) cooperatives;

11 (D) dairy businesses that establish con-
12 tracting mechanisms that return profits to
13 farmers who supply their milk;

14 (E) dairy businesses that, in addition to
15 salary and wage compensation, return profits to
16 employees; and

17 (F) dairy businesses that seek to create
18 dairy products that add substantial value in
19 processing or marketing, such as specialty
20 cheeses.

21 (5) REQUIREMENT.—In the case of direct as-
22 sistance under subsection (e)(1) or a grant under
23 subsection (e)(2) that is provided to a specific dairy
24 business and does not benefit the general public, as
25 determined by the Secretary, the assistance or grant

1 shall exclusively be available to dairy businesses
2 owned in the United States.

3 (6) SUPPLEMENTATION.—To the extent prac-
4 ticable, the Secretary shall ensure that funds pro-
5 vided to an initiative supplement, and do not dupli-
6 cate or replace, existing dairy product research, de-
7 velopment, and promotion activities.

8 (g) MATCHING FUNDING.—

9 (1) IN GENERAL.—The Secretary shall encour-
10 age, but not require, an eligible entity described in
11 subsection (d)(1) to provide matching funding to
12 carry out this section.

13 (2) ADDITIONAL FUNDING.—After an initial
14 term of funding provided to an eligible entity de-
15 scribed in subsection (d)(1) under this section, the
16 Secretary is encouraged to work with the eligible en-
17 tity to develop additional funding streams to supple-
18 ment the Federal investment, including from funds
19 of a generic program to promote and provide re-
20 search and information for a specific agricultural
21 commodity, if the provision of funds is approved by
22 the members of the generic program.

23 (h) REPORTING.—

24 (1) IN GENERAL.—Not later than 1 year after
25 the date of enactment of this Act, the Secretary

1 shall submit to Congress a report describing the im-
2 plementation of this section.

3 (2) INNOVATION REPORTS.—The Secretary, in
4 coordination with the Chief Economist, shall publish
5 an annual report on the status of—

6 (A) innovation in dairy products;

7 (B) product development under the pro-
8 gram under this section;

9 (C) growth areas for dairy product devel-
10 opment; and

11 (D) barriers inhibiting majority member-
12 owned domestic dairy firms from—

13 (i) updating capacity;

14 (ii) performing competitively in the
15 marketplace; and

16 (iii) returning gains to members or re-
17 investing the gains in ways that benefit the
18 long-term financial stability of the majority
19 member-owned domestic dairy firm and the
20 members of that firm.

21 (i) FUNDING.—

22 (1) MANDATORY FUNDING.—Of the funds of
23 the Commodity Credit Corporation, the Secretary
24 shall use to carry out this section \$50,000,000, to
25 remain available until expended.

1 (2) AUTHORIZATION OF APPROPRIATIONS.—

2 There is authorized to be appropriated to carry out

3 this section \$20,000,000 for each fiscal year.

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