

32:35-1 to 32:35-4

LEGISLATIVE HISTORY CHECKLIST
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"Northeast Interstate Dairy Compact"

NJSA: 32:35-1 to 32:35-4

LAWS OF: 1997 CHAPTER: 402

BILL NO: S2335

SPONSOR(S): Littell and others

DATE INTRODUCED: December 1, 1997

COMMITTEE: ASSEMBLY: ---
SENATE: Budget and Appropriations

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: ASSEMBLY: January
SENATE: January 8, 1998

DATE OF APPROVAL: January 19, 1998

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: No
SENATE: Yes

FISCAL NOTE: Yes

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

See newspaper clippings--attached:

"Assembly bill would hike milk prices to help dairy farmers," 1-13-98, Home News.

"Dairy farmers milk assembly to win price increase," 1-13-98, Star Ledger.

"Gallon may cost 7 cents to 20 cents more," 1-13-98, Bergen Records.

KBP:pp

1 increased commodity credit corporation dairy purchases that result
2 from projected increased fluid milk production for that fiscal year
3 within the compact region in excess of the national average rate of
4 increase.

5
6 3. a. The New Jersey delegation to the Northeast Interstate
7 Compact Commission shall consist of five persons, at least one of
8 whom shall be a dairy farmer who is engaged in the production of milk
9 at the time of appointment or reappointment and one of whom shall
10 be representative of interests of consumers. One member shall be
11 appointed by the Governor; one by the President of the Senate; one by
12 the minority leader of the Senate; one by the Speaker of the General
13 Assembly; and one by the minority leader of the General Assembly.
14 Members shall serve for a term of three years, except that the members
15 first appointed by the President of the Senate and the Speaker of the
16 Assembly shall serve for a term of two years and the members first
17 appointed by the minority leader of the Senate and the minority leader
18 of the General Assembly shall serve for a term of one year.

19 b. The members of the delegation shall receive compensation for
20 their services of three hundred dollars per diem.

21 c. The department and any other agency of the state shall, when
22 called upon, provide the members with cooperation, information and
23 staff support.

24
25 4. Any violation of the provisions of regulations adopted pursuant
26 to the Northeast Interstate Dairy Compact establishing an over-order
27 price, a commission marketing order, or any other regulations, shall
28 constitute a violation of this act. Any such violation shall be subject
29 to a civil penalty of \$5,000 per occurrence.

30
31 5. This act shall take effect immediately, but shall remain
32 inoperative until the Northeast Interstate Dairy Compact is enacted
33 and entered into by the State of New York.

34

35

36

STATEMENT

37

38 This bill would enact the Northeast Interstate Dairy Compact, and
39 enter New Jersey as a party state therein contingent upon the entry of
40 the State of New York into the compact. The purpose of the compact
41 is to strengthen the dairy industry in the northeast.

42 The Federal Agriculture Improvement and Reform (FAIR) Act of
43 1996 included a provision allowing the New England states to
44 establish a dairy compact if the Secretary of Agriculture found a
45 "compelling public interest" in the northeast region. The secretary
46 determined such an interest existed August 9, 1996, and the compact

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2335

STATE OF NEW JERSEY

DATED: DECEMBER 11, 1997

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2335.

Senate Bill No. 2335 would enact the Northeast Interstate Dairy Compact, and enter New Jersey as a party state therein contingent upon the entry of the State of New York into the compact. The purpose of the compact is to strengthen the dairy industry in the northeast.

The Federal Agriculture Improvement and Reform (FAIR) Act of 1996 included a provision allowing the New England states to establish a dairy compact if the Secretary of Agriculture found a "compelling public interest" in the northeast region. The secretary determined such an interest existed August 9, 1996, and the compact was then formed. The law allows six other states to join the compact - Delaware, Maryland, New Jersey, New York, Pennsylvania, and Virginia. In order for any of these states to join, congressional approval is necessary and the state must be contiguous to a participating state.

The Northeast Interstate Dairy Compact establishes an interstate commission with the authority to set a minimum price paid by dairy processors to dairy farmers in the region, at a level above the minimum price mandated by federal milk marketing orders. The compact will regulate the farm price of milk used only for fluid consumption in the compact region, regardless of where the milk originates.

FISCAL IMPACT

This bill has not been certified as requiring a fiscal note.

LEGISLATIVE FISCAL ESTIMATE TO
SENATE, No. 2335
STATE OF NEW JERSEY

DATED: JANUARY 13, 1998

Bill Summary

Senate Bill No. 2335 of 1997 enacts the Northeast Interstate Dairy Compact, and enters New Jersey as a party state therein contingent upon the entry of the State of New York into the compact. This compact was formed on August 9, 1996 as a result of the Federal Agriculture Improvement and Reform (FAIR) Act of 1996 and after the United States Secretary of Agriculture found a "compelling public interest" in the northeast region for establishing such a regulatory body.

The Northeast Interstate Dairy Compact establishes an interstate commission with the authority to set a minimum price paid by dairy processors to dairy farmers in the New England region, at a level above the minimum price mandated by federal milk marketing orders. The compact will regulate the farm price of milk used only for fluid consumption in the compact region, regardless of where the milk originates. Milk used to produce manufactured dairy products (e.g., cheese, yogurt) cannot be regulated by the compact commission.

In addition to the New England States, the law allows six other states to join the compact - Delaware, Maryland, New Jersey, New York, Pennsylvania and Virginia. In order for any of these states to join, congressional approval is necessary and the state must be contiguous to a participating state.

Office of Legislative Services Comments

Milk pricing is determined by a complex interaction of federal and state price supports at the producer level, combined with market decisions made at the wholesale (processing) and retail levels. Therefore, it is difficult to translate a given fall or rise in prices paid to dairy farmers into an equivalent price change to consumers. However, based on recent experience, it is probably safe to conclude that an increase in costs to milk processors is more likely to be passed on to consumers -- in whole or in good part -- than is an equivalent decrease.

Based on an informal survey, the Office of Legislative Services (OLS) has determined that most milk purchased for state facilities, programs, and institutions is produced at farms operated by the New Jersey Department of Corrections and therefore would not be subject

Additional Information

1. The congressional approval of the Northeast compact for the six New England states was granted by the 104th Congress upon enactment of the Federal Agriculture Improvement and Reform Act of 1996. This law allows only a limited life for the compact and would require the compact authority to expire at the same time as the adoption of the required consolidation of federal milk marketing orders, which is required by April 1999.

2. Pursuant to N.J.S.A.4:12A-22 and 23, the Director of the Division of Dairy and Commodity Regulation for the New Jersey Department of Agriculture may fix the price at which milk is to be bought, sold or distributed; regulate conditions and terms of sale and establish and require observation of fair trade practices. On December 16, 1997, an emergency order fixing a minimum price for milk produced on New Jersey dairy farms was signed by the Director of the Division of Dairy and Commodity Regulation for the State of New Jersey Department of Agriculture. This order increased the minimum price to \$16.89 for 100 pounds of milk, representing a \$1.48 increase for northern New Jersey farmers and an 81-cent increase for southern New Jersey farmers. This order is effective for a period of six months from the date of adoption unless extended or modified pursuant to the Administrative Procedure Act.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.