

103^D CONGRESS
2^D SESSION

H. R. 4235

To enable milk producers to implement a national Class IV Pool to establish a fair and equitable blend price for milk used in export dairy products, to establish the Dairy Export Marketing Board to administer the Class IV Pool and otherwise work to expand exports of and develop markets for milk and dairy products, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 14, 1994

Mr. VOLKMER (for himself, Mr. ROSE, Mr. STENHOLM, Ms. LONG, Mr. SARPALIUS, Mr. PETERSON of Minnesota, Mr. HOLDEN, Mr. POMEROY, Ms. DANNER, Mr. ANDREWS of Maine, and Ms. SNOWE) introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To enable milk producers to implement a national Class IV Pool to establish a fair and equitable blend price for milk used in export dairy products, to establish the Dairy Export Marketing Board to administer the Class IV Pool and otherwise work to expand exports of and develop markets for milk and dairy products, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Dairy Producer Mar-
3 ket Stabilization and Export Development Act of 1994”.

4 **SEC. 2. FINDINGS, PURPOSES, AND STATEMENT OF POLICY.**

5 (a) FINDINGS.—Congress finds that—

6 (1) milk and dairy products are vital compo-
7 nents of a balanced diet and have high nutritive
8 value, and the production of milk and dairy products
9 is an important segment of the Nation’s agricultural
10 industry;

11 (2) effective Federal dairy programs are needed
12 to ensure consumers of a reliable and adequate sup-
13 ply of pure and wholesome milk and dairy products
14 at reasonable prices, to respond adequately to cur-
15 rent and anticipated future supply and demand
16 problems, and to ensure a level of farm income ade-
17 quate to maintain productive capacity sufficient to
18 meet anticipated future needs;

19 (3) the effectiveness of the current Federal
20 dairy programs is being diminished and the eco-
21 nomic stress on milk producers increasing due to the
22 growing demands made on milk producers to provide
23 funds for reduction of the Federal budget deficit
24 through direct levies and similar measures included
25 in budget reconciliation Acts;

1 (4) milk producers are being asked to pay more
2 and more in budget reconciliation levies, while the
3 economic pressures being placed on the milk produc-
4 tion industry continue to squeeze them financially;

5 (5) given the stresses being put on milk produc-
6 ers and on the current Federal dairy programs, it is
7 in the national interest and crucial to milk producers
8 that action be taken to establish a producer—not
9 government—program to help stabilize milk prices,
10 develop markets for dairy products, and promote
11 dairy sales that is financially supported by milk pro-
12 ducers and managed within the dairy production in-
13 dustry;

14 (6) a program to implement a national Class IV
15 Pool to establish a fair and equitable blend price for
16 milk used in commercial export dairy products and
17 to establish a Dairy Export Marketing Board to ad-
18 minister the Pool and otherwise work to expand ex-
19 ports of and develop markets for milk and dairy
20 products will meet the goals of paragraph (5);

21 (7) since most government outlays under the
22 Federal milk price support program stem from Com-
23 modity Credit Corporation removals of surplus dairy
24 products from the market to reduce the adverse ef-
25 fect of the surpluses on producer market prices for

1 milk, net Federal expenditures under the price sup-
2 port program can be reduced, and thus budget sav-
3 ings achieved, by reducing the level of removals of
4 surplus dairy products by the Corporation under
5 that program;

6 (8) an effective way to reduce the level of the
7 Commodity Credit Corporation's price support re-
8 movals is through the implementation of a producer-
9 financed program as described in paragraph (6), be-
10 cause such a program will—

11 (A) ensure producers that there will be a
12 blend price for milk used in commercially-ex-
13 ported dairy products sufficiently high that they
14 will market their milk excess to domestic needs
15 in the export market rather than sell it to the
16 Corporation under the price support program;
17 and

18 (B) provide nongovernmental moneys to
19 fund efforts needed to develop additional mar-
20 kets for United States dairy products;

21 (9) if milk producers shoulder the financial bur-
22 den of facilitating export sales of dairy products and
23 developing markets for domestic milk production
24 under this new program, it is appropriate, as well as
25 most conducive to the efficient implementation of

1 the program, that the milk production and market-
2 ing industry be directly responsible for managing the
3 program;

4 (10) the Federal milk price support program it-
5 self is the responsibility of the Secretary of Agri-
6 culture under the Agricultural Act of 1949, and the
7 new producer-financed program should be coordi-
8 nated with the milk price support program and other
9 Department of Agriculture dairy programs; and

10 (11) the future of effective milk price stabiliza-
11 tion requires the opening of new market opportuni-
12 ties that the efficient production capacity of our Na-
13 tion's milk producers can respond to, and the new
14 producer-financed program provided for in this Act
15 should include aggressive efforts to search out and
16 find new market opportunities in promising export
17 markets.

18 (b) STATEMENT OF PURPOSES AND POLICY.—

19 (1) PURPOSES.—The purposes of this Act are
20 to—

21 (A) provide for the implementation by pro-
22 ducers of a national Class IV Pool to establish
23 a fair and equitable blend price for milk used
24 in commercially-exported dairy products;

1 (B) establish the Dairy Export Marketing
2 Board to develop and implement annual plans
3 for the Class IV Pool and exporting dairy prod-
4 ucts under this Act, and to otherwise work to
5 expand exports of and develop new markets for
6 milk and dairy products; and

7 (C) make related changes in Federal dairy
8 programs that will aid in maintaining a stable
9 and efficient dairy production industry in the
10 United States.

11 (2) STATEMENTS OF POLICY.—

12 (A) IN GENERAL.—It is declared to be the
13 policy of Congress that it is in the public inter-
14 est, and necessary to protect and strengthen the
15 Nation's milk production and marketing sys-
16 tem, to reduce any adverse effects of Federal
17 budget deficit reduction actions on milk produc-
18 ers, and to facilitate the continued effective op-
19 erations of the Federal dairy programs, that the
20 implementation of the producer-financed na-
21 tional Class IV Pool program and the establish-
22 ment of the Dairy Export Marketing Board
23 provided for in this Act be achieved.

24 (B) OPERATIONS OF THE PROGRAM.—It
25 further is declared to be the policy of Congress

1 that the producer-financed national Class IV
2 Pool program provided for in this Act should be
3 operated—

4 (i) in addition to, and not as a sub-
5 stitute for, the Dairy Export Incentive
6 Program of the Department of Agriculture;
7 and

8 (ii) in a manner consistent with the
9 trade obligations of the United States.

10 (C) PROTECTION OF CONSUMERS.—It fur-
11 ther is declared to be the policy of Congress
12 that the powers provided in this Act shall not
13 be used to reduce the production of pure and
14 wholesome milk and dairy products below the
15 level required for United States consumers or to
16 divert production from meeting the needs of
17 such consumers, and that, in carrying out this
18 Act, due regard shall be given to the mainte-
19 nance of a continuous and stable supply of milk
20 and dairy products adequate to meet the de-
21 mands of United States consumers at prices
22 fair both to producers and consumers.

23 **SEC. 3. NATIONAL CLASS IV MILK MARKETING POOL.**

24 (a) IN GENERAL.—

1 (1) ESTABLISHMENT.—The Secretary of Agri-
2 cultural, by regulation as provided in subsection (f),
3 shall establish a national milk marketing pool, which
4 shall be known as the “Class IV Pool”.

5 (2) COVERAGE.—Effective for the period begin-
6 ning January 1, 1995, and ending December 31,
7 1999, all milk produced in the 48 contiguous States
8 and marketed by producers shall be entered into the
9 Class IV Pool. Milk shall enter the Pool at the time
10 the milk is removed from the farm and before it en-
11 ters any other marketing channel, including Federal
12 and State milk marketing orders.

13 (3) FIRST HANDLER’S DUTY.—Each first han-
14 dler of milk shall be responsible for ensuring that all
15 milk is entered into the Class IV Pool and is han-
16 dled in compliance with the requirements of the
17 Pool, as provided in this Act and in regulations is-
18 sued by the Secretary of Agriculture under sub-
19 section (f).

20 (b) POOL ADMINISTRATION.—The Class IV Pool
21 shall be administered, as provided in the annual Class IV
22 Pool plans established under section 5 of this Act, by the
23 Dairy Export Marketing Board established under section
24 4 of this Act.

25 (c) BLEND PRICING IN THE POOL.—

1 (1) ESTABLISHMENT OF BLEND PRICE AND AP-
2 PLICATION TO ALL MILK IN THE POOL.—The Class
3 IV Pool shall establish for all milk entering the pool
4 during each calendar year a blend price for each
5 hundredweight of such milk, equal to the weighted
6 average of—

7 (A) the price support level, per hundred-
8 weight, for milk under the Agricultural Act of
9 1949, as applied to all milk entering the pool
10 that is not used for those export dairy products
11 described in subparagraph (B), as determined
12 by the Dairy Export Marketing Board; and

13 (B) the average market price, per hundred-
14 weight of milk, for the milk equivalent (total
15 milk solids basis) used in that amount of export
16 dairy products projected to be exported during
17 such year under the Class IV Pool plan for that
18 year, as determined by the Board,

19 adjusted as provided in paragraph (2): *Provided,*
20 That in no case may such blend price be less than
21 the milk price support level per hundredweight
22 minus 10 cents.

23 (2) ADJUSTMENT TO ACCOUNT FOR RE-
24 FUNDS.—The blend price for a year calculated as a
25 weighted average price for milk under paragraph (1)

1 shall be adjusted by the Dairy Export Marketing
2 Board as necessary to cover the costs of refunds
3 paid under paragraph (5) and other expenditures
4 made out of the settlement fund, as provided in sub-
5 section (d)(3), during such year.

6 (3) QUARTERLY ADJUSTMENTS.—The Class IV
7 Pool blend price established for a year may be ad-
8 justed at the beginning of each of the second, third,
9 and fourth quarters of such year to reflect changes
10 in the Board’s determinations as to the amount of
11 milk that will enter the Pool during the year, the
12 amount of export dairy products eligible for blend
13 price payments under paragraph (4)(B), and dairy
14 product export market prices during such year.

15 (4) APPLICATION OF BLEND PRICING TO MILK
16 ENTERING THE POOL.—The Board shall apply the
17 Class IV Pool blend price established under para-
18 graph (1) or (3), as appropriate, to milk entering
19 the Pool by—

20 (A) collecting on each hundredweight of
21 milk entering the Pool, and depositing into the
22 settlement fund established under subsection
23 (e), a uniform adjustment amount equal to the
24 difference between the per hundredweight price
25 support level for milk and the blend price, ex-

1 cept that, whenever the difference between the
2 price support level and the blend price is less
3 than 1 cent, or there is no difference between
4 the two figures, the Board may collect up to 1
5 cent on each hundredweight of milk entering
6 the Pool as necessary to adequately fund the
7 operation of the Pool and the Board; and

8 (B) paying out of the settlement fund, on
9 dairy products commercially exported from the
10 United States (not including exports under the
11 Dairy Export Incentive Program) that cumula-
12 tively do not exceed the level of exports for
13 which the Class IV blend pricing shall be estab-
14 lished for the year, as provided in the Class IV
15 Pool plan for the year, an amount per hundred-
16 weight of milk equivalent (total milk solids
17 basis) exported that reflects the difference be-
18 tween the milk equivalent (total milk solids
19 basis) market price for the product exported
20 and the Pool blend price.

21 (5) REFUNDS.—The Dairy Export Marketing
22 Board shall provide a refund of the entire amount
23 remitted to the settlement fund on a producer’s milk
24 entering the Class IV Pool during a calendar year,
25 if the producer provides evidence that the producer

1 did not increase marketings in that calendar year
2 when compared to the producer's marketings during
3 the immediately preceding calendar year. A refund
4 under this paragraph shall not be considered as any
5 type of price support or payment for purposes of
6 sections 1211 and 1221 of the Food Security Act of
7 1985 (16 U.S.C. 3811 and 3821).

8 (6) WHEN BLEND PRICE PAYMENTS MADE.—
9 Blend price payments on dairy product exports
10 under paragraph (4)(B) may be made before, at the
11 time, or after the dairy product involved is exported
12 as long as the milk equivalent (total milk solids
13 basis) market price for the exported product is ade-
14 quately documented and established to the satisfac-
15 tion of the Board.

16 (d) HANDLER REMITTANCES.—Each first handler of
17 milk produced in the 48 contiguous States and marketed
18 by producers shall collect and remit to the Dairy Export
19 Marketing Board blend price adjustments required under
20 subsection (c)(4)(A) on all milk handled by such handler.

21 (e) SETTLEMENT FUND.—

22 (1) IN GENERAL.—The Dairy Export Market-
23 ing Board shall establish a special fund, to be known
24 as the “settlement fund”. Monies in such fund shall
25 be available solely for the use of the Board to oper-

1 ate the Class IV Pool, make blend price payments,
2 other payments as provided in paragraph (3), and
3 refunds under subsection (c)(5), as provided in the
4 budgets of the Board.

5 (2) MONEY INTO THE FUND.—There shall be
6 deposited into the settlement fund—

7 (A) all blend price adjustments remitted by
8 first handlers under subsection (d); and

9 (B) all revenues received by the Board
10 from sales of dairy products it has directly re-
11 moved from the domestic market or from any
12 other source.

13 (3) ADDITIONAL EXPENDITURES OUT OF THE
14 SETTLEMENT FUND.—Moneys in the settlement
15 fund may be used by the Board for export expansion
16 and market development activities, and administra-
17 tive activities of the Board, provided for in sections
18 4 and 5 of this Act.

19 (4) TERMINATION OF FUND.—The settlement
20 fund shall terminate, and any monies remaining in
21 the Fund returned to milk producers as rebates
22 under section 4(l), at such time as the Board winds
23 up its affairs and all legal obligations of the Board.

24 (f) USDA REGULATIONS.—The Secretary of Agri-
25 culture, by regulation, shall establish—

1 (1) rules governing the manner in which blend
2 price adjustments shall be remitted by first handlers
3 to the settlement fund for milk marketed through
4 Federal or State milk marketing orders, and for
5 milk marketed through producer-handlers or other
6 operations outside the Federal and State milk mar-
7 keting order systems;

8 (2) provisions for coordination of the operation
9 of the Class IV Pool with milk marketings under
10 Federal and State milk marketing orders, and with
11 milk marketing done outside Federal or State milk
12 marketing orders;

13 (3) such other terms and conditions, not incon-
14 sistent with the provisions of this Act, necessary to
15 effectuate the establishment and operation of the
16 Class IV Pool, the operation of the Dairy Export
17 Marketing Board, and the implementation of annual
18 Class IV Pool plans; and

19 (4) provisions for assessment of penalties for
20 violations of this Act and the Secretary's regula-
21 tions, and for the filing of petitions by persons sub-
22 ject to such regulations objecting to such regulations
23 or seeking exemption from them. For the purposes
24 of regulations under this paragraph, notwithstanding
25 any other provision of law, the provisions of para-

1 graphs (14) and (15) of section 8c of the Agricul-
2 tural Adjustment Act, as reenacted and amended by
3 the Agricultural Marketing Agreement Act of 1937
4 (7 U.S.C. 608c), shall be applicable to this Act and
5 the regulations under this subsection and persons
6 subject to this Act or regulations as if such laws are
7 orders, and such persons are handlers, under section
8 8c.

9 **SEC. 4. DAIRY EXPORT MARKETING BOARD.**

10 (a) ESTABLISHMENT.—Not later than October 1,
11 1994, or 30 days after the date of the enactment of this
12 Act, whichever occurs later, the Secretary of Agriculture
13 shall establish the Dairy Export Marketing Board to ad-
14 minister the national Class IV Pool established under sec-
15 tion 3, develop and implement Class IV Pool plans, and
16 perform other tasks of the Board provided for in this Act.

17 (b) MEMBERSHIP.—

18 (1) IN GENERAL.—The Dairy Export Market-
19 ing Board shall consist of 18 members appointed by
20 the Secretary of Agriculture as provided in this sub-
21 section. No person may be appointed to the Board
22 unless the Secretary determines that the person
23 meets the qualification criteria set out in paragraph
24 (5).

25 (2) COMPOSITION OF BOARD.—

1 (A) REGIONAL DISTRIBUTION.—The 18
2 seats on the Board shall be evenly allocated
3 among the 6 geographic regions described in
4 paragraph (3).

5 (B) REGIONAL APPOINTMENTS.—Three
6 members shall be appointed to the Board from
7 each of the 6 geographic regions, as follows:

8 (i) 2 members shall be qualified milk
9 producers whose farms are located in that
10 region, each appointed from among nomi-
11 nees selected by the milk producers in such
12 region, as provided in this subsection; and

13 (ii) 1 member shall be a qualified per-
14 son employed in some capacity in the dairy
15 industry other than as a producer, and se-
16 lected in such manner as the Secretary de-
17 termines appropriate. For any individual
18 employed by a company or organization
19 that conducts business in more than one
20 such region, such individual will be deemed
21 to be located in the region in which such
22 individual's normal place of business is
23 located.

24 (3) SIX GEOGRAPHIC REGIONS.—For purposes
25 of making regional appointments of persons to the

1 Board, as provided in paragraph (2), the 48 contig-
2 uous States shall be grouped into 6 regions, as fol-
3 lows:

4 (A) Region I: Connecticut, Maine, Massa-
5 chusetts, New Hampshire, New Jersey, New
6 York, Pennsylvania, Rhode Island, and Ver-
7 mont.

8 (B) Region II: Illinois, Indiana, Iowa, Kan-
9 sas, Michigan, Missouri, Nebraska, and Ohio.

10 (C) Region III: Alabama, Arkansas, Dela-
11 ware, Florida, Georgia, Kentucky, Louisiana,
12 Maryland, Mississippi, North Carolina, Okla-
13 homa, South Carolina, Tennessee, Texas, Vir-
14 ginia, and West Virginia.

15 (D) Region IV: Wisconsin.

16 (E) Region V: Colorado, Idaho, Minnesota,
17 Montana, North Dakota, Oregon, South Da-
18 kota, Utah, Washington, and Wyoming.

19 (F) Region VI: Arizona, California, Ne-
20 vada, and New Mexico.

21 (4) SELECTION OF NOMINEES FOR APPOINT-
22 MENT AS PRODUCER MEMBERS.—

23 (A) TWO NOMINEES REQUIRED.—For the
24 appointment of the initial Board and whenever
25 there is a vacancy on the Board, the producers

1 in each of the 6 geographic regions described in
2 paragraph (3) that has a producer seat on the
3 Board that is vacant shall choose, by election,
4 two producer nominees for such seat.

5 (B) NOMINATION PROCESS.—The Sec-
6 retary shall begin the process of appointing a
7 person to fill a producer seat on the Board by
8 soliciting recommendations of the names of pro-
9 ducers in the region involved to be listed on the
10 ballot for election as a nominee for appointment
11 to that seat. The names and qualifications of
12 producers for inclusion on the ballot may be
13 submitted by any milk producer in the region,
14 or any organization that represents milk pro-
15 ducers in such region. The Secretary shall de-
16 termine whether each such producer whose
17 name is submitted for inclusion on the ballot is
18 eligible to serve on the Board and meets the
19 qualification criteria set out in paragraph (5),
20 and shall include on the ballot the name of
21 every qualified person determined to be eligible
22 and qualified if such person agrees to permit
23 his or her name being put on the ballot.

24 (C) ELECTIONS.—Following the develop-
25 ment of any ballot under subparagraph (B), the

1 Secretary shall conduct an election among milk
2 producers in the region involved to choose the
3 two nominees for appointment to the vacant
4 seat to which the ballot applies. Each producer
5 shall have one vote in the election of each nomi-
6 nee, and bloc voting as provided in subpara-
7 graph (D) shall be permitted. The two persons
8 receiving the highest number of votes in the
9 election shall be the nominees.

10 (D) VOTING BY ASSOCIATIONS.—For the
11 purpose of elections under this paragraph, the
12 Secretary shall consider the vote cast by any co-
13 operative association of producers, engaged in a
14 bona fide manner in marketing milk or dairy
15 products, as the vote of the producers who are
16 members of or under contract with such cooper-
17 ative association of producers. If a cooperative
18 association of producers elects to vote on behalf
19 of its members, such cooperative association
20 shall provide each producer, on whose behalf
21 the cooperative association is voting, a descrip-
22 tion of the election process and a description of
23 each nominee (including the person’s qualifica-
24 tions), together with a statement of the manner
25 in which the cooperative association intends to

1 cast its vote on behalf of the membership. Such
2 information shall inform the producer of proce-
3 dures to follow to cast an individual ballot
4 should the producer so choose within the period
5 of time established by the Secretary for casting
6 ballots. Such notification shall be made at least
7 15 days prior to the election and shall include
8 an official ballot. The ballots shall be tabulated
9 by the Secretary and the vote of the cooperative
10 association shall be adjusted to reflect such in-
11 dividual votes.

12 (E) ADDITIONAL RULES.—The Secretary
13 shall establish such additional rules for the con-
14 duct of elections to choose producer nominees
15 as are appropriate.

16 (5) QUALIFICATION CRITERIA.—

17 (A) BASIC CRITERIA.—The name of a per-
18 son may not be included on the ballot in an
19 election to choose producer nominees for the
20 Board, nor may the Secretary appoint any
21 member to the Board, unless the Secretary de-
22 termines that such person meets the following
23 qualification criteria:

24 (i) the person must have substantial
25 experience or a high level of expertise in

1 the production of milk, the marketing of
2 milk or dairy products, or the financing of
3 such marketing activities;

4 (ii) if the person is being considered
5 for a producer seat on the Board, the per-
6 son must have been a milk producer for at
7 least 5 years; and

8 (iii) if the person is being considered
9 for a non-producer seat on the board, the
10 person must have leadership experience in
11 his or her field of expertise.

12 (B) FURTHER CRITERIA.—In choosing
13 among producer nominees or directly selecting
14 non-producer members for appointment to the
15 Board, the Secretary shall give priority to per-
16 sons with—

17 (i) if the appointment is to a non-pro-
18 ducer seat on the Board, substantial expe-
19 rience as a professional milk marketer; or

20 (ii) practical familiarity with, or dem-
21 onstrated knowledge of, the process of
22 marketing agricultural commodities for ex-
23 port or the financing of such transactions;
24 or

1 (iii) practical familiarity with, or dem-
2 onstrated knowledge of, the mechanics and
3 market effects of moving dairy products
4 from the processing plant into the market;
5 or

6 (iv) substantial experience with the
7 Federal milk price support program, or
8 Commodity Credit Corporation removals of
9 dairy products from the market under that
10 program, or operations of milk marketing
11 order blend price pools.

12 (6) DIVERSITY OF APPOINTMENT.—In making
13 appointments to the Board, the Secretary shall en-
14 sure that not more than one person employed by a
15 particular company or associated with a particular
16 cooperative organization that can bloc vote in the
17 election of producer nominees sits on the Board at
18 the same time.

19 (7) REJECTION.—The Secretary may reject any
20 nominee selected by milk producers. If there are in-
21 sufficient nominations from which to appoint mem-
22 bers to the Board as a result of the Secretary reject-
23 ing nominees selected by milk producers, milk pro-
24 ducers shall select additional nominees, as provided
25 in this subsection.

1 (8) TIME SCHEDULE.—The Secretary shall con-
2 duct the regional elections of producer nominees for
3 appointment to the initial Board and appoint all the
4 initial members to the Board no later than October
5 1, 1994, or 30 days after the date of the enactment
6 of this Act, whichever occurs later. Thereafter,
7 whenever a seat becomes vacant for any reason, the
8 Secretary, as soon as practicable, shall conduct an
9 election (if the vacant seat is a producer seat) and
10 make an appointment of a person to fill the vacant
11 seat.

12 (9) TERMS OF MEMBERS.—Each member of the
13 Board shall serve for a 3-year term except that
14 terms shall be staggered, as follows:

15 (A) 4 of the producer members and 2 of
16 the non-producer members appointed to the ini-
17 tial Board shall have a 1-year term;

18 (B) 4 of the producer members and 2 of
19 the non-producer members appointed to the ini-
20 tial Board shall have a 2-year term; and

21 (C) 4 of the producer members and 2 of
22 the non-producer members appointed to the ini-
23 tial Board shall have a full 3-year term.

24 (10) OPERATIONS COMMITTEE.—The Board
25 may establish an Operations Committee for con-

1 sultation and advice, consisting of persons not sit-
2 ting on the Board who as a group are suitably quali-
3 fied, either in experience or knowledge, in the var-
4 ious aspects of the dairy industry, including but not
5 limited to marketing order blend price pools, export
6 marketing, and dairy research and production. The
7 Operations Committee shall have no right to cast
8 votes in any matter voted on by the Board or the
9 Board's member committees, nor shall it have the
10 power to perform any of the functions of the Board
11 under this Act.

12 (11) CONFLICT RULES.—The members of the
13 Board shall be subject to such conflict of interest
14 rules as determined appropriate by the Secretary.

15 (12) REIMBURSEMENT FOR EXPENSES.—Mem-
16 bers of the Board and the Operating Committee
17 shall serve without pay, but shall be allowed reim-
18 bursement for expenses incurred in their service on
19 the Board or Committee, including reasonable travel
20 costs and out-of-pocket expenses when required to be
21 away from their home or place of business in the
22 service of the Board or Committee.

23 (13) REMOVAL FOR CAUSE.—The Secretary
24 may remove any member of the Board for good
25 cause shown.

1 (14) TERMINATION OF THE BOARD.—The
2 Board shall terminate at such date—not later than
3 June 30, 2000—agreed on by the Secretary and the
4 Board, unless extended by later enactment of Con-
5 gress.

6 (c) BOARD PROCEDURES.—

7 (1) MEETINGS OF THE BOARD.—

8 (A) FIRST MEETING.—Within 2 weeks
9 after a quorum has been appointed to the initial
10 Dairy Export Marketing Board, the Secretary
11 of Agriculture shall convene the Board for its
12 initial meeting; and at that meeting the Board
13 shall elect officers and adopt written bylaws and
14 rules of procedure to govern its meetings, and
15 determine a place of domicile for the Board.

16 (B) SUBSEQUENT MEETINGS.—Following
17 the initial meeting, the Board shall meet at the
18 call of the chair, but at least once every 3
19 months.

20 (2) QUORUM.—A quorum of the Board shall be
21 10 persons.

22 (3) NOTICE TO SECRETARY; EX OFFICIO REP-
23 RESENTATION.—The Board shall notify the Sec-
24 retary of Agriculture in advance of each meeting of
25 the Board. The Secretary, or a representative of the

1 Secretary, shall attend each meeting as a non-voting
2 ex officio member of the Board.

3 (d) DUTIES OF THE BOARD.—The Dairy Export
4 Marketing Board shall have the duties to—

5 (1) prepare annually, for each of the 1995
6 through 1999 calendar years, a plan for the oper-
7 ation during that year of the Class IV Pool estab-
8 lished under section 3, and establish a per hundred-
9 weight blend price for milk entering the Pool during
10 such year as provided in this Act;

11 (2) before the beginning of the second, third,
12 and fourth quarter of each calendar year, make ad-
13 justments in the blend price for milk in the Pool as
14 necessary to reflect changes in the Board's deter-
15 minations as to the amount of milk that will enter
16 the Pool during the year, the amount of export dairy
17 products eligible for blend price payments under sec-
18 tion 3(c)(4)(B) of this Act, and dairy product export
19 market prices during such year;

20 (3) prepare the Board's proposed budget for
21 each calendar year it is in operation, as provided in
22 subsection (f);

23 (4) implement each annual Class IV Pool plan
24 and budget, administer the Class IV Pool, and co-

1 ordinate activities under the plan with the programs
2 of the Secretary of Agriculture;

3 (5) evaluate results under each annual Class IV
4 Pool plan and report on the evaluations to the Sec-
5 retary, and provide a copy of each such report to the
6 Senate Committee on Agriculture, Nutrition, and
7 Forestry and the House Committee on Agriculture;

8 (6) with respect to the estimate of the value
9 and volume of Commodity Credit Corporation milk
10 and milk product purchases made by the Secretary
11 by November 20 of each year under section 204(f)
12 of the Agricultural Act of 1949, in cooperation with
13 the Secretary, make monthly revisions of such esti-
14 mate for each month of the year to which the esti-
15 mate applies;

16 (7) receive, investigate, and report to the Sec-
17 retary complaints of violations of this Act and regu-
18 lations issued under this Act; and

19 (8) manage the settlement fund established
20 under section 3(e).

21 (e) POWERS OF THE BOARD.—

22 (1) GENERAL POWERS.—The Dairy Export
23 Marketing Board may—

24 (A) adopt bylaws and issue rules and regu-
25 lations governing the manner in which its busi-

1 ness may be conducted and the powers vested
2 in it may be exercised;

3 (B) sue and be sued, complain and defend,
4 in any court of law or equity, State or Federal.
5 All suits of a civil nature at common law or in
6 equity to which the Board shall be a party shall
7 be deemed to arise under the laws of the United
8 States, and the United States district courts
9 shall have original jurisdiction thereof, without
10 regard to the amount in controversy, and the
11 Board, in any capacity, without bond or secu-
12 rity, may remove any such action, suit, or pro-
13 ceeding from a State court to the United States
14 district court by following any procedure for re-
15 moval then in effect. Any suit filed against the
16 Board shall be filed in the district in which the
17 Board is domiciled or in the district wherein the
18 plaintiff resides or is engaged in business;

19 (C) incur and pay for administrative and
20 other expenses under this Act;

21 (D) appoint staff, define their duties, and
22 fix and provide their compensation;

23 (E) enter into contracts and agreements as
24 necessary in the conduct of its business;

1 (F) contract for the use, in accordance
2 with the usual customs of trade and commerce,
3 of plants and facilities for the physical han-
4 dling, storage, processing, servicing, and trans-
5 portation of dairy products subject to its con-
6 trol;

7 (G) make final and conclusive settlement
8 and adjustment of any claims by or against the
9 Board or its accounts;

10 (H) use and expend monies in the settle-
11 ment fund established under section 3(e); and

12 (I) exercise other powers that are inciden-
13 tal to its performance of the functions required
14 or authorized for it under this Act.

15 (2) SPECIFIC POWERS.—To meet its duties
16 under this Act and implement annual Class IV Pool
17 plans, the Board may use its general powers to—

18 (A) remove, or cause the removal, of dairy
19 products from the domestic commercial market
20 or accept donated stocks from the Commodity
21 Credit Corporation, and maintain such products
22 in inventory;

23 (B) dispose, or cause the disposal, of dairy
24 products it has removed from the market or re-
25 ceived from the Commodity Credit Corporation

1 through outlets that are not in competition with
2 United States commercial markets, primarily
3 through export sales;

4 (C) transfer to the Commodity Credit Cor-
5 poration, at the Corporation's announced price,
6 dairy products it has removed from the market,
7 as necessary for Board or Corporation stock
8 management purposes, and the regulations of
9 the Corporation shall so provide;

10 (D) cause the export of dairy cattle;

11 (E) conduct other activities related to mar-
12 ket development and product disposal specified
13 in section 5, as necessary to meet its respon-
14 sibilities under this Act and annual Class IV
15 Pool plans; and

16 (F) recommend to the Secretary amend-
17 ments to the regulations issued under this Act.

18 (f) BUDGETS OF THE BOARD.—

19 (1) PREPARATION.—Not later than October 31
20 of each of the years 1994 through 1998 (or, with re-
21 spect to the first budget, 60 days after the date of
22 the enactment of this Act if that sixtieth day is later
23 than October 31, 1994) the Dairy Export Marketing
24 Board shall prepare a budget of its anticipated ex-

1 penses and disbursements in the upcoming calendar
2 year.

3 (2) ITEMS IN EACH BUDGET.—

4 (A) IN GENERAL.—Each such budget shall
5 provide—

6 (i) a detailed account of the Board's
7 anticipated administrative expenses and
8 other outlays to be incurred in implement-
9 ing the annual Class IV Pool plan for the
10 upcoming year;

11 (ii) an estimate of expected blend
12 price revenues and other revenues of, and
13 blend price payments on dairy exports and
14 refunds made by, the Board during the up-
15 coming year, to which the budget of all
16 other expenditures of the Board during
17 such year shall be reconciled;

18 (iii) an analysis of anticipated expend-
19 itures for administrative expenses, showing
20 how they are being kept to the minimum
21 necessary to operate the Class IV Pool and
22 the programs of the Board; and

23 (iv) a description of the anticipated
24 contracts during such year for the removal
25 and disposition of dairy products.

1 (B) ADDITIONAL ITEMS.—The budget pre-
2 pared for calendar year 1995 shall include an
3 additional amount to reimburse the Commodity
4 Credit Corporation for expenditures to cover ex-
5 penses of the Board prior to January 1, 1995,
6 as provided for in subsection (h)(1)(B); and the
7 budget prepared for calendar year 1999 shall
8 include an additional amount to cover the
9 Board’s administrative expenses to be incurred
10 in calendar year 2000 in wrapping up its busi-
11 ness.

12 (3) SUBMISSION WITH PLAN.—Each budget
13 prepared under this subsection shall be submitted to
14 the Secretary of Agriculture with the annual Class
15 IV Pool plan for the year involved.

16 (g) ADMINISTRATION; CONTRACTING.—

17 (1) LIMITATION ON ADMINISTRATIVE EX-
18 PENSES.—For any calendar year in which the Sec-
19 retary of Agriculture estimates under section 204(f)
20 of the Agricultural Act of 1949 that the level of
21 Commodity Credit Corporation purchases of milk
22 and the products of milk will exceed 5,000,000,000
23 pounds (milk equivalent, total milk solids basis), the
24 Board may not budget for or incur administrative

1 expenses (including the cost of paying employees of
2 the Board) in the year that exceed the lesser of—

3 (A) \$2,000,000, or

4 (B) 5 percent of the annual budget of the
5 Board for the year.

6 (2) CONTRACTS FOR SERVICES.—

7 (A) IN GENERAL.—To ensure efficient use
8 of funds available to the Board under this Act
9 and avoid duplication of efforts, whenever pos-
10 sible, the Board shall enter into contracts and
11 agreements for the removal of dairy products
12 from the market, the disposition of such prod-
13 ucts, and such other nonadministrative activi-
14 ties of the Board, and for the payment of cost
15 thereof with funds available to the Board under
16 this Act.

17 (B) SCOPE.—The tasks that may be in-
18 cluded under a contract or agreement include,
19 but are not limited to, offers to buy, purchases
20 of dairy products, storage and delivery of dairy
21 products, management of dairy product inven-
22 tories, and statistical collection and analysis.

23 (C) REQUIREMENTS.—In any contract or
24 agreement of the Board under this paragraph,
25 the contracting or agreeing party shall agree to

1 keep accurate records of all its transactions, ac-
2 count for funds received and expended, make
3 periodic reports to the Board of activities con-
4 ducted, and make such other reports as the
5 Board may require.

6 (3) DIRECT SALES BY OTHERS.—The Board
7 shall ensure, to the extent practicable, that the ac-
8 tual export marketing and sale of dairy products for
9 which blend price payments are made available
10 under this Act are done by dairy cooperatives or
11 other persons engaged in international marketing.

12 (h) FUNDING FOR THE BOARD; EXPENDITURES.—

13 (1) IN GENERAL.—

14 (A) SETTLEMENT FUND.—Monies in the
15 settlement fund established under section 3(e)
16 shall be available to the Dairy Export Market-
17 ing Board, effective January 1, 1995, for ex-
18 penditure as provided in this subsection.

19 (B) CCC FUNDS.—Notwithstanding any
20 other provision of law, prior to January 1,
21 1995, the activities of the Board in starting up
22 operation and preparing the initial annual Class
23 IV Pool plan shall be paid with funds of the
24 Commodity Credit Corporation. The Corpora-
25 tion shall be reimbursed by the Board for such

1 payments from monies placed in the settlement
2 fund during 1995.

3 (2) LIMITATION.—Monies in the settlement
4 fund may be expended by the Board only to cover
5 budgeted activities of the Board under a budget es-
6 tablished under subsection (f), including expendi-
7 tures to transfer to the Commodity Credit Corpora-
8 tion general account reimbursements provided for in
9 paragraph (1)(B), and to provide for rebates to milk
10 producers of excess monies remaining in the Fund
11 when the Board is terminated, as provided in sub-
12 section (l).

13 (3) CARRYOVER OF FUNDS.—To allow for con-
14 tinuity of activities of the Board from year to year,
15 monies in the settlement fund shall be available to
16 the Board without fiscal or calendar year limitation,
17 except that, in any year into which monies are car-
18 ried over, any Class IV Pool blend price for the year
19 under section 3(c) shall be reduced so as to reduce
20 blend price adjustments remitted to the settlement
21 fund during such year by the amount of the carry-
22 over.

23 (j) BOOKS AND RECORDS.—

24 (1) IN GENERAL.—The Dairy Export Market-
25 ing Board shall—

1 (A) maintain such books and records
2 (which shall be available to the Secretary for in-
3 spection and audit) as the Secretary may pre-
4 scribe;

5 (B) prepare and submit to the Secretary,
6 from time to time, such reports as the Sec-
7 retary may prescribe; and

8 (C) account for the receipt and disburse-
9 ment of all funds entrusted to the Board.

10 (2) AUDITS.—The Board shall cause its books
11 and records to be audited by an independent auditor
12 at the end of each fiscal year, and a report of each
13 such audit to be submitted to the Secretary.

14 (k) FACA NOT APPLICABLE.—The Federal Advisory
15 Committee Act (5 U.S.C. App. 2) shall not apply to the
16 Dairy Export Marketing Board, or the operations of the
17 Board.

18 (l) REBATES ON TERMINATION OF BOARD.—

19 (1) IN GENERAL.—At the time that the Dairy
20 Export Marketing Board terminates and winds up
21 its affairs, any funds remaining in the settlement
22 fund established under section 3(e) of this Act shall
23 be rebated to milk producers who have been subject
24 to the operation of the Class IV Pool under section
25 3, unless the administrative costs of distributing any

1 such rebate will exceed the amount rebated (in which
2 case, the amount shall revert to the Commodity
3 Credit Corporation general account). Rebates shall
4 be made pro rata, based on the cumulative amount
5 of milk entered into the Class IV Pool by each milk
6 producer to which refunds under section 3(c)(5) do
7 not apply during the period the Class IV Pool was
8 in operation.

9 (2) REBATE NOT DEEMED A GOVERNMENT PAY-
10 MENT.—Any rebate under this paragraph shall not
11 be considered as any type of price support or pay-
12 ment for purposes of section 1211 or 1212 of the
13 Food Security Act of 1985 (16 U.S.C. 3811 and
14 3821).

15 **SEC. 5. ANNUAL CLASS IV POOL PLANS.**

16 (a) REQUIREMENTS.—The Dairy Export Marketing
17 Board shall prepare and implement an annual Class IV
18 Pool plan for each of the calendar years 1995 through
19 1999, as provided in this section, that shall provide a busi-
20 ness plan of operation for the Class IV Pool and the Board
21 for the year, and shall include the following elements:

22 (1) GENERALLY.—The plan for any year may
23 include such of the activities described in subsection
24 (d) or comparable activities within the authority of

1 the Board that are determined by the Board to be
2 appropriate for such year.

3 (2) WHEN ESTIMATED CCC PURCHASES EXCEED
4 5,000,000,000 POUNDS.—For any year in which the
5 Secretary of Agriculture estimates, by November 20
6 of the preceding year under section 204(f) of the
7 Agricultural Act of 1949, that Commodity Credit
8 Corporation purchases of milk and the products of
9 milk (less sales under section 407 of the Agricultural
10 Act of 1949 for unrestricted use) will exceed
11 5,000,000,000 pounds (milk equivalent, total milk
12 solids basis), the Plan shall provide for—

13 (A) the establishment under section 3 of a
14 blend price for milk entering the Pool that will
15 cover Pool blend price payments on exports of
16 dairy products during such year that are equiv-
17 alent in milk (total milk solids basis) to the por-
18 tion of the estimated Commodity Credit Cor-
19 poration purchases (less sales under section 407
20 of the Agricultural Act of 1949 for unrestricted
21 use) in excess of 5,000,000,000 pounds but not
22 in excess of 7,000,000,000 pounds; and

23 (B) other appropriate measures by the
24 Board to stabilize milk and dairy product

1 prices, and to improve farm income during such
2 year.

3 (3) WHEN ESTIMATED CCC PURCHASES EXCEED
4 7,000,000,000 POUNDS.—For any year in which the
5 Secretary estimates, by November 20 of the preced-
6 ing year under section 204(f) of the Agricultural Act
7 of 1949, that Commodity Credit Corporation pur-
8 chases of milk and the products of milk (less sales
9 under section 407 of the Agricultural Act of 1949
10 for unrestricted use) will exceed 7,000,000,000
11 pounds (milk equivalent, total milk solids basis), the
12 plan shall provide for such market intervention
13 measures that the Board agrees with the Commodity
14 Credit Corporation that it should undertake if ap-
15 proved by the Secretary, regarding those anticipated
16 purchases in excess of 7,000,000,000 pounds, using
17 for such purposes monies transferred to the settle-
18 ment fund established under section 3(e) of this Act
19 by the Commodity Credit Corporation from the col-
20 lected reductions in price under section 204(g) of
21 the Agricultural Act of 1949.

22 (4) CONTINUATION AND CARRYOVER.—For the
23 second and succeeding plans, to the extent necessary
24 or appropriate, the plan shall provide for the con-
25 tinuation of activities initiated in the preceding year

1 and the carryover of funds made available for the
2 preceding year but not expended and the payment of
3 obligations incurred in the preceding year but not
4 paid.

5 (5) 1999 PLAN.—The plan for calendar year
6 1999 shall cover activities and expenditures of the
7 Board in calendar year 2000 to wind up the busi-
8 ness of the Board.

9 (b) SCHEDULE FOR DEVELOPMENT OF PLAN.—Each
10 annual Class IV Pool plan for a year—

11 (1) shall be prepared, and the Class IV blend
12 price for the year shall be determined, during the
13 period after the preliminary estimate of net Com-
14 modity Credit Corporation purchases of milk and
15 milk products for a year is issued on August 1 of
16 the preceding year; and

17 (2) shall be submitted to the Secretary not later
18 than October 31 preceding the year the plan ad-
19 dresses, except that the plan for 1995 shall be sub-
20 mitted not later than 60 days after the date of the
21 enactment of this Act if such sixtieth day is later
22 than October 31, 1994.

23 (c) QUARTERLY REVISIONS.—

24 (1) IN GENERAL.—The annual Class IV Pool
25 plan for any year shall be updated and revised at the

1 beginning of each of the second, third, and fourth
2 quarters of the year, or at such other times deter-
3 mined necessary by the Board.

4 (2) REVISION OF DEDUCTION RATE.—Any revi-
5 sion of a plan at the beginning of the second, third,
6 or fourth quarter of a year, as provided in para-
7 graph (1), may include a revision in the blend price
8 for milk entering the Class IV Pool under section 3
9 for such year, as necessary to reflect changes in the
10 Board's determinations as to the amount of milk
11 that will enter the Pool during the year, the amount
12 of export dairy products eligible for blend price pay-
13 ments under section 3(c)(4)(B) of this Act, and
14 dairy product export market prices during such year.

15 (d) ACTIVITIES OF THE BOARD IN IMPLEMENTING A
16 PLAN.—

17 (1) WHEN ESTIMATED CCC PURCHASES EXCEED
18 5,000,000,000 POUNDS.—The Dairy Export Marketing
19 Board, in implementing the annual Class IV Pool
20 plan for any year in which the Secretary estimates,
21 by November 20 of the preceding year under section
22 204(f) of the Agricultural Act of 1949, that Com-
23 modity Credit Corporation purchases of milk and the
24 products of milk (less sales under section 407 of the
25 Agricultural Act of 1949 for unrestricted use) will

1 exceed 5,000,000,000 pounds (milk equivalent, total
2 milk solids basis), the Board may undertake the fol-
3 lowing activities with respect to the amount of milk
4 included in the portion of Corporation purchases in
5 excess of 5,000,000,000 pounds, in addition to ad-
6 ministering the Pool and managing the settlement
7 fund estimated under section 3(e):

8 (A) To acquire, or otherwise cause the re-
9 moval of, dairy products from domestic com-
10 mercial markets on the basis of bids by sellers
11 in response to invitations for bids announced by
12 the Board.

13 (B) To acquire, or otherwise cause the re-
14 moval of, dairy products from domestic com-
15 mercial markets at announced prices during pe-
16 riods announced by the Board.

17 (C) To implement a program to cause the
18 export of dairy products the Board has removed
19 from the market, in coordination with the ac-
20 tivities of the Foreign Agricultural Service in
21 implementing the Dairy Export Incentive Pro-
22 gram under section 153 of the Food Security
23 Act of 1985 (15 U.S.C. 713a-14). Under the
24 program, the Board may cause the export of
25 dairy products with the assistance of export bo-

1 nuses provided by the Board, and determined
2 on the basis of bids by exporters in response to
3 invitations for bids announced by the Board. In
4 implementing such a program, the Board shall
5 enter into an agreement with the General Sales
6 Manager to seek the Manager's prior approval
7 of any export transactions under the program.
8 This program shall not be implemented as a re-
9 placement for the Dairy Export Incentive Pro-
10 gram, but as a supplement to it.

11 (D) To implement a program to cause the
12 export of dairy cattle. Under the program, the
13 Board may cause the export of dairy cattle with
14 the assistance of export bonuses provided by the
15 Board, and determined on the basis of bids by
16 exporters in response to invitations for bids an-
17 nounced by the Board.

18 (E) To effect the sale abroad, at world
19 market prices, of dairy products removed from
20 the market by the Board.

21 (F) To effect the domestic sale for unre-
22 stricted use of dairy products removed from the
23 market by the Board at market prices, but in
24 no case less than 110 percent of the Commodity

1 Credit Corporation announced purchase prices
2 for the products.

3 (G) To donate, through the Secretary,
4 products the Board has removed from the mar-
5 ket to domestic and international feeding and
6 aid programs, as needed for emergency or dis-
7 aster assistance.

8 (H) To transfer dairy products it has re-
9 moved from the market to the Commodity
10 Credit Corporation at the Corporation's an-
11 nounced purchase price (less an amount, deter-
12 mined by the Secretary, to represent the aver-
13 age level of bonus paid to exporters under the
14 Dairy Export Incentive Program), as necessary
15 to manage Corporation or Board inventories.

16 (2) CCC OPERATIONS.—Notwithstanding any
17 other provision of law, the Commodity Credit Cor-
18 poration shall accept the transfer of dairy products
19 from the Board as provided in paragraph (1)(H),
20 and at any time may transfer its excess inventories
21 of dairy products to the control of the Board, as
22 necessary to manage Corporation or Board stocks or
23 as provided for in paragraph (4)(A).

24 (3) WHEN ESTIMATED CCC PURCHASES ARE
25 5,000,000,000 POUNDS OR LESS.—The Board, in im-

1 plementing the annual Class IV Pool plan for any
2 year in which the Secretary estimates, by November
3 20 of the preceding year under section 204(f) of the
4 Agricultural Act of 1949, that Commodity Credit
5 Corporation purchases of milk and the products of
6 milk (less sales under section 407 of the Agricultural
7 Act of 1949 for unrestricted use) will be
8 5,000,000,000 pounds or less (milk equivalent, total
9 milk solids basis), the Board may undertake the fol-
10 lowing activities as authorized under the plan:

11 (A) To dispose of carryover stocks of dairy
12 products it had removed from the market in a
13 previous year, in any manner as specified in
14 paragraph (1).

15 (B) To cause the export of dairy heifers
16 with the assistance of export bonuses provided
17 by the Board on the basis of bids by exporters
18 in response to invitations for bids announced by
19 the Board.

20 (4) IN GENERAL.—The Board, in implementing
21 the annual Class IV Pool plan for any year, may un-
22 dertake the following activities as authorized under
23 the plan:

1 (A) To accept stocks of dairy products
2 transferred from the Commodity Credit Cor-
3 poration for use in projects under the plan.

4 (B) To provide funds to the Foreign Agri-
5 cultural Service cooperator organization for
6 dairy products to implement export market de-
7 velopment projects.

8 (C) To work with the Commodity Credit
9 Corporation, the Foreign Agricultural Service,
10 marketing organizations, and other entities in
11 the dairy industry in facilitating export sales of
12 dairy products.

13 (D) To work with the Commodity Credit
14 Corporation and, through the Secretary, hu-
15 manitarian relief and development organizations
16 in providing dairy products for emergency relief
17 and development programs.

18 (E) To develop surplus disposal opportuni-
19 ties for use in years in which removals of sur-
20 plus dairy products will be needed.

21 (5) CONTRACTS AND AGREEMENTS.—In order
22 to efficiently manage stock acquisition and disposi-
23 tion under the annual Class IV Pool plans and to
24 avoid excessive overhead and unnecessary duplica-
25 tion in any area of the Board's operations, the

1 Board shall contract or enter agreements, as pro-
2 vided in section 4(g)(2), for the performance of any
3 or all of the functions described in paragraphs (1),
4 (3), and (4) or similar functions included in annual
5 plans.

6 (6) LIMITS ON MARKET INTERVENTION.—The
7 Board shall ensure that any activity under an an-
8 nual Class IV Pool plan does not interfere with nor-
9 mal commercial inventory build-ups of dairy prod-
10 ucts that are necessary to ensure adequate supplies
11 on a year-round basis. In this regard, the criterion
12 the Board shall use in planning activities under any
13 plan is that intervention by the Board in the market
14 should promote moderate, regulated market adjust-
15 ments and prevent steep or contraseasonal changes
16 in the prices for dairy products.

17 **SEC. 6. REVISIONS OF AUTHORITY FOR “EXCESS PUR-**
18 **CHASES” REDUCTIONS IN PRICE.**

19 Effective January 1, 1995, subsection (g) of section
20 204 of the Agricultural Act of 1949 (7 U.S.C. 1446e) is
21 amended by adding at the end thereof the following:

22 “(3) TARGETED REDUCTIONS.—

23 “(A) IN GENERAL.—At any time during
24 which a reduction in price under this subsection
25 is in effect, if during the two consecutive

1 months immediately preceding any month, the
2 United States average manufacturing grade
3 milk price, as reported by the Secretary, does
4 not exceed the Federal support price for milk
5 by more than 50 cents per hundredweight, be-
6 ginning the month following such two consecu-
7 tive months the reduction in price shall cease
8 being collected on a uniform basis on all milk
9 produced in the 48 contiguous States and mar-
10 keted by producers for commercial use, and
11 shall be collected from each milk producer in
12 the contiguous 48 States only on the quantity
13 of milk marketed during each month by the
14 producer in excess of the producer's monthly
15 base for milk marketings.

16 “(B) RATE OF REDUCTION.—The amount
17 of the reduction in the price received by produc-
18 ers on such over-base milk marketings shall be
19 an amount per hundredweight determined by
20 the Secretary to be sufficient, when applied to
21 the amount of all such over-base milk market-
22 ings during the remainder of the year, as esti-
23 mated by the Secretary, to result in total reduc-
24 tions during the remainder of the year equal to
25 the total amounts of reductions in price that

1 would otherwise be made on a uniform basis on
2 all milk marketings under the procedures pro-
3 vided in paragraph (2).

4 “(C) BASES.—For purposes of determin-
5 ing, for each milk producer, whether the pro-
6 ducer is subject to the targeted reduction in
7 price under this paragraph, an annual base
8 made up to 12 monthly bases will be established
9 by the Secretary for each dairy farm reflecting
10 the farm’s milk marketings during the preced-
11 ing year. New milk producers will be assigned
12 a base equal to 75 percent of their milk market-
13 ings during each month of the year the reduc-
14 tion is in effect.

15 “(D) MAXIMUM TARGETED REDUC-
16 TIONS.—No milk producer shall be liable for a
17 targeted reduction in price under this para-
18 graph on more than 25 percent of the produc-
19 er’s marketings during any month targeted re-
20 ductions are in effect.

21 “(E) TERMINATION OF TARGETED REDUC-
22 TIONS.—If, after targeted reductions in price
23 are implemented during a year under this para-
24 graph, the United States average manufactur-
25 ing grade milk price, as reported by the Sec-

1 retary, rises to exceed the support price for
2 milk by more than \$1.50 per hundredweight
3 during two consecutive months of such year, be-
4 ginning the following month, the targeted re-
5 duction in price will cease being collected, and
6 the reduction in price shall be made uniformly
7 on all milk produced in the 48 contiguous
8 States and marketed by producers for commer-
9 cial use in the amount provided for in para-
10 graph (2).

11 “(4) TERMINATION OF ALL REDUCTIONS.—Not-
12 withstanding any other provision of this subsection,
13 if at any time during a year in which reductions in
14 price are being made under this subsection, the Sec-
15 retary, in consultation with the Dairy Export Mar-
16 keting Board established under section 4 of the
17 Dairy Producer Market Stabilization and Export
18 Development Act of 1994, projects (based on the
19 monthly revised estimates of Commodity Credit Cor-
20 poration purchases of milk and the products of milk
21 made under subsection (f)(2)) that Corporation pur-
22 chases of milk and the products of milk (less sales
23 under section 407 of the Agricultural Act of 1949
24 for unrestricted use) during such year shall not ex-
25 ceed 7,000,000,000 pounds (milk equivalent, total

1 milk solids basis), less such amounts of milk equiva-
2 lent (total milk solids basis) exported in the form of
3 dairy products on which blend price payments are
4 made under section 3 of the Dairy Producer Market
5 Stabilization and Export Development Act of 1994
6 for that year, the reduction in price under this sub-
7 section will cease being made for the remainder of
8 the year.

9 “(5) SPECIAL REFUNDS.—

10 “(A) IN GENERAL.—If, at the end of any
11 year in which reductions in price are made
12 under this subsection, it is determined by the
13 Secretary that actual Commodity Credit Cor-
14 poration purchases of milk and the products of
15 milk (less sales under section 407 of the Agri-
16 cultural Act of 1949 for unrestricted use) dur-
17 ing that year did not exceed 7,000,000,000
18 pounds (milk equivalent, total milk solids basis)
19 less such amounts of milk equivalent (total milk
20 solids basis) exported in the form of dairy prod-
21 ucts on which blend price payments are made
22 under section 3 of the Dairy Producer Market
23 Stabilization and Export Development Act of
24 1994 for that year, the Secretary shall provide
25 refunds of all the reductions in price under this

1 subsection made during such year, other than
2 reduction monies transferred to the Board
3 under an agreement made under section 5(a)(3)
4 of such Act. The transferred amount not sub-
5 ject to the special refunds shall be prorated
6 among all producers eligible for such refunds on
7 the basis of the reductions in price collected
8 from such producers during the year; and the
9 prorated amount for each producer shall be de-
10 ducted from the amount of refund otherwise
11 due to the producer under this paragraph.

12 “(B) REFUND NOT DEEMED A GOVERN-
13 MENT PAYMENT.—Any refund under this para-
14 graph shall not be considered as any type of
15 price support or payment for purposes of sec-
16 tion 1211 or 1212 of the Food Security Act of
17 1985 (16 U.S.C. 3811 and 3821).”.

18 **SEC. 7. DAIRY PROGRAM EXTENSIONS; ESTIMATES OF CCC**

19 **PURCHASES.**

20 (a) DAIRY PROGRAM EXTENSIONS.—

21 (1) IN GENERAL.—Section 204 of the Agricul-
22 tural Act of 1949 (7 U.S.C. 1446e) is amended by—

23 (A) amending the section heading to read
24 as follows:

1 **“SEC. 204. MILK PRICE SUPPORT AND CERTAIN COLLEC-**
2 **TIONS FROM PRODUCERS IN CALENDAR**
3 **YEARS 1991 THROUGH 1999.”;**

4 (B) in subsections (a), (b), (d)(1)(A),
5 (d)(2)(A), (d)(3), (g)(1), and (k), striking out
6 “1996” each place it appears and inserting in
7 lieu thereof “1999”; and

8 (C) in subsection (g)(2), striking out
9 “1996” and inserting in lieu thereof “1998”.

10 (2) TRANSFER TO MILITARY AND VETERANS
11 HOSPITALS.—Subsections (a) and (b) of section 202
12 of the Agricultural Act of 1949 (7 U.S.C. 1446e)
13 are amended by striking out “1995” both places it
14 appears and inserting in lieu thereof “1999”.

15 (3) FEDERAL MILK MARKETING ORDERS.—Sec-
16 tion 101(b) of the Agriculture and Food Act of 1981
17 (7 U.S.C. 603c note) is amended by striking out
18 “1995” and inserting in lieu thereof “1999”.

19 (4) DAIRY INDEMNITY PROGRAM.—Section 3 of
20 Public Law 90–484 (7 U.S.C. 450l) is amended by
21 striking out “1995” and inserting in lieu thereof
22 “1999”.

23 (5) DAIRY EXPORT INCENTIVE PROGRAM; CCC
24 EXPORT DAIRY SALES.—The Food Security Act of
25 1985 is amended by—

1 (A) in section 153(a) (15 U.S.C. 713a–
2 14(a)), striking out “1995” and inserting in
3 lieu thereof “1999”; and

4 (B) in section 1163 (7 U.S.C. 1731 note),
5 striking out “1995” each place it appears and
6 inserting in lieu thereof “1999”.

7 (b) ESTIMATES OF CCC PURCHASES.—Subsection (f)
8 of section 204 of the Agricultural Act of 1949 (7 U.S.C.
9 1446e(f)) is amended to read as follows:

10 “(f) ESTIMATES OF CCC PURCHASES.—

11 “(1) IN GENERAL.—On August 1 and by No-
12 vember 20 of each of the calendar years 1991
13 through 1998, the Secretary shall notify the Com-
14 mittee on Agriculture of the House of Representa-
15 tives and the Committee on Agriculture, Nutrition,
16 and Forestry of the Senate regarding the value and
17 volume of milk and milk product purchases on a
18 milk equivalent, total milk solids basis, the Secretary
19 estimates that the Commodity Credit Corporation
20 will make during the upcoming calendar year, before
21 the effects from the operation of the national Class
22 IV Pool operated under section 3 of the Dairy Pro-
23 ducer Market Stabilization and Export Development
24 Act of 1994 for such year or from any reduction in

1 price under subsection (g) made during such year
2 are calculated.

3 “(2) REVISIONS.—The estimates of Commodity
4 Credit Corporation purchases made under paragraph
5 (1) shall be revised monthly during the year by the
6 Dairy Export Marketing Board established under
7 section 4 of the Dairy Producer Market Stabilization
8 and Export Development Act of 1994, in cooperation
9 with the Secretary.

10 “(3) NET PURCHASES EQUIVALENT TO NET RE-
11 MOVALS.—As used in this section, the phrases ‘pur-
12 chase of milk and the products of milk’ and ‘pur-
13 chases of milk and the products of milk’ shall in-
14 clude all removals of dairy products from the domes-
15 tic market under this section, either by direct pur-
16 chase or by export under the Dairy Export Incentive
17 Program under section 153 of the Food Security Act
18 of 1985.’”.

19 **SEC. 8. FEDERAL MILK ORDER SUPPLY BALANCING COST**
20 **SHARING PLAN.**

21 Section 8c(5) of the Agricultural Adjustment Act (7
22 U.S.C. 608c(5)), reenacted with amendments by the Agri-
23 cultural Marketing Agreement Act of 1937, is amended
24 by adding at the end thereof the following new subpara-
25 graph:

1 “(M) Authorizing the market adminis-
2 trator to deduct and set aside an amount when
3 making the uniform milk price calculation each
4 month, to be available to the market adminis-
5 trator to—

6 “(i) reimburse handlers for additional
7 costs incurred in obtaining supplemental
8 milk supplies when local supplies are insuf-
9 ficient for market needs;

10 “(ii) reimburse handlers for costs in-
11 curred in disposing of milk that exceeds
12 local market needs; and

13 “(iii) pay a distant plant that makes
14 a binding commitment to supply supple-
15 mental milk to the market when called
16 upon by the market administrator.”.

○

HR 4235 IH—2

HR 4235 IH—3

HR 4235 IH—4