

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3370

To amend the Agricultural Act of 1949 to provide for the establishment of a multiple-tier price support program for milk to achieve a closer correlation between annual milk production and consumption while assuring sufficient low-cost dairy products for nutrition assistance programs.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 26, 1993

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

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## A BILL

To amend the Agricultural Act of 1949 to provide for the establishment of a multiple-tier price support program for milk to achieve a closer correlation between annual milk production and consumption while assuring sufficient low-cost dairy products for nutrition assistance programs.

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 AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Milk Supply Management and Nutrition Assistance Act  
6 of 1993”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
2 this Act is as follows:

Sec. 1. Short title and table of contents.

Sec. 2. Producer referendum to recommend implementation of milk supply  
management and nutrition assistance provisions.

Sec. 3. Establishment of the National Milk Marketing Board.

Sec. 4. Alternative milk price support and inventory management program.

3 **SEC. 2. PRODUCER REFERENDUM TO RECOMMEND IMPLE-**  
4 **MENTATION OF MILK SUPPLY MANAGEMENT**  
5 **AND NUTRITION ASSISTANCE PROVISIONS.**

6 (a) REFERENDUM.—Title II of the Agricultural Act  
7 of 1949 (7 U.S.C. 1446 et seq.) is amended by inserting  
8 after section 204 the following new section:

9 **“SEC. 204A. MILK PRODUCER REFERENDUM REGARDING**  
10 **IMPLEMENTATION OF ALTERNATIVE MILK**  
11 **PRICE SUPPORT AND INVENTORY MANAGE-**  
12 **MENT PROGRAM.**

13 “(a) REFERENDUM.—Not later than 30 days after  
14 the date of the enactment of the Milk Supply Management  
15 and Nutrition Assistance Act of 1993, the Secretary shall  
16 conduct a referendum to determine whether milk produc-  
17 ers in the 48 contiguous States favor the implementation  
18 of the alternative milk price support and inventory man-  
19 agement program provided in section 204C in lieu of ap-  
20 plying the rate of price support (and required adjust-  
21 ments) specified in subsections (b) and (d) of section 204  
22 and the excess production price reduction specified in sub-  
23 section (g) of such section.

1       “(b) ELIGIBLE VOTERS.—The Secretary shall con-  
2 duct the referendum required by this section only among  
3 individual milk producers in the 48 contiguous States who  
4 have been producing milk during a representative period,  
5 as determined by the Secretary. Only individual producers  
6 may cast ballots in the referendum. An organization or  
7 other person representing milk producers, including a gen-  
8 eral farm organization, may not cast ballots in the referen-  
9 dum on behalf of milk producers.

10       “(c) CASTING BALLOTS.—The Secretary shall estab-  
11 lish the methods by which ballots may be cast in the ref-  
12 erendum required by this section, except that the referen-  
13 dum shall be conducted by secret ballot. Such methods  
14 shall include casting ballots by mail (subject to appro-  
15 priate safeguards) and in person with a representative of  
16 the county office of the Agricultural Stabilization and  
17 Conservation Service or the Extension Service.

18       “(d) IMPLEMENTATION REQUIRED.—If the Secretary  
19 determines that at least one-half of the milk producers  
20 voting in the referendum required by this section favor the  
21 implementation of the alternative milk price support and  
22 inventory management program provided in section 204C,  
23 the Secretary (acting through the National Milk Market-  
24 ing Board established by section 204B) shall carry out the  
25 provisions of such section beginning with the first calendar

1 year beginning after the date on which the referendum is  
2 completed, and subsections (b), (d), and (g) of section 204  
3 shall not apply during and after that calendar year.”.

4 (b) CONFORMING AMENDMENTS.—Section 204 of the  
5 Agricultural Act of 1949 (7 U.S.C. 1446e) is amended—

6 (1) in subsection (a), by inserting before the pe-  
7 riod the following: “and section 204C, if that section  
8 is in effect”;

9 (2) in subsection (b), by striking “December  
10 31, 1996,” and inserting “the date on which the al-  
11 ternative milk price support and inventory manage-  
12 ment program provided in section 204 takes effect  
13 or December 31, 1996, whichever is earlier,”;

14 (3) in subsection (d), by adding at the end the  
15 following new paragraph:

16 “(6) EFFECT OF IMPLEMENTATION OF SECTION  
17 204C.—Upon the implementation of the alternative  
18 milk price support and inventory management pro-  
19 gram provided in section 204C, if required by sec-  
20 tion 204A(d), the support price adjustments re-  
21 quired by this subsection and the minimum price  
22 specified in paragraph (4) shall not apply.”; and

23 (4) in subsection (g), by adding at the end the  
24 following new paragraph:

1           “(4) EFFECT OF IMPLEMENTATION OF SECTION  
2           204C.—Upon the implementation of the alternative  
3           milk price support and inventory management pro-  
4           gram provided in section 204C, if required by sec-  
5           tion 204A(d), the support price reduction required  
6           by this subsection shall not apply.”.

7   **SEC. 3. ESTABLISHMENT OF THE NATIONAL MILK MARKET-**  
8                           **ING BOARD.**

9           Title II of the Agricultural Act of 1949 (7 U.S.C.  
10          1446 et seq.) is amended by inserting after section 204A,  
11          as added by section 2, the following new section:

12   **“SEC. 204B. NATIONAL MILK MARKETING BOARD.**

13           “(a) ESTABLISHMENT OF BOARD REQUIRED.—

14           “(1) ESTABLISHMENT.—If the implementation  
15           of the alternative milk price support and inventory  
16           management program provided in section 204C is  
17           approved in the referendum required by section  
18           204A, the Secretary shall establish a National Milk  
19           Marketing Board to implement, administer, and op-  
20           erate the alternative milk price support and inven-  
21           tory management program provided in section 204C.  
22           To the extent practicable, the Board shall be estab-  
23           lished not later than 60 days before the date on  
24           which the alternative milk price support and inven-  
25           tory management program takes effect pursuant to

1 section 204A(d). If the Board is not established or  
2 capable of administering the alternative milk price  
3 support and inventory management program by that  
4 date, the Secretary shall temporarily operate the  
5 program until the Board is established and oper-  
6 ational.

7 “(2) BOARD DEFINED.—For purposes of this  
8 section and section 204C, the term ‘Board’ means  
9 the National Milk Marketing Board established  
10 under this section.

11 “(b) MEMBERSHIP.—The Board shall consist of 15  
12 members appointed by the Secretary as follows:

13 “(1) Fourteen members, two from each region  
14 specified in subsection (c), appointed by the Sec-  
15 retary from nominees elected as provided in that  
16 subsection.

17 “(2) One member appointed by the Secretary  
18 from among individuals who have a demonstrable ex-  
19 pertise in the area of milk production, processing, or  
20 marketing.

21 “(c) NOMINATION OF PROPOSED BOARD MEM-  
22 BERS.—

23 “(1) CONDUCT OF NOMINATING ELECTIONS.—  
24 The Secretary shall conduct elections to select nomi-  
25 nees for appointment to the Board. A separate elec-

1       tion shall be held in each of the seven geographic re-  
2       gions specified in paragraph (2) to elect three nomi-  
3       nees to the Board from each region. The nominating  
4       elections may be conducted by the Secretary in con-  
5       junction with referendum required under section  
6       204A to permit the timely appointment of the Board  
7       before the date on which the alternative milk price  
8       support and inventory management program would  
9       take effect under section 204C.

10           “(2) BOARD REGIONS.—For purposes of elect-  
11       ing nominees for appointment to the Board, the 48  
12       contiguous States shall be organized into seven geo-  
13       graphic regions as follows:

14           “(A) California, Oregon, and Washington.

15           “(B) Arizona, Arkansas, Colorado, Idaho,  
16       Kansas, Montana, Nevada, New Mexico, Okla-  
17       homa, Texas, Utah, and Wyoming.

18           “(C) Illinois, Iowa, Minnesota, Missouri,  
19       Nebraska, North Dakota, and South Dakota.

20           “(D) Wisconsin.

21           “(E) Alabama, Florida, Georgia, Ken-  
22       tucky, Louisiana, Mississippi, North Carolina,  
23       South Carolina, Tennessee, and Virginia.

1           “(F) Delaware, Indiana, Maryland, Michi-  
2           gan, New Jersey, Ohio, Pennsylvania, and West  
3           Virginia.

4           “(G) Connecticut, Maine, Massachusetts,  
5           New Hampshire, New York, Rhode Island, and  
6           Vermont.

7           “(3) PROCEDURE FOR NOMINATIONS.—As soon  
8           as practicable after the date of the enactment of the  
9           Milk Supply Management and Nutrition Assistance  
10          Act of 1993, the Secretary shall solicit the names of  
11          individuals to be included as candidates on the ballot  
12          for the election in each region. Such names may be  
13          submitted by milk producers in the region or by or-  
14          ganizations or other persons that represent milk pro-  
15          ducers in the region, including general farm organi-  
16          zations. The Secretary shall establish such additional  
17          rules for the conduct of these elections as are appro-  
18          priate. Individuals shall be eligible to appear on a  
19          ballot only if the Secretary determines that the indi-  
20          vidual has a demonstrable expertise in the area of  
21          milk production, processing, or marketing.

22          “(4) VOTING BY PRODUCERS.—

23                 “(A) ELIGIBLE VOTERS.—The Secretary  
24                 shall conduct an election in each region to de-  
25                 termine the three nominees eligible for appoint-

1           ment to the Board from that region. The elec-  
2           tion shall be conducted only among individual  
3           milk producers who have been producing milk  
4           during a representative period, as determined  
5           by the Secretary. Only individual producers  
6           may cast ballots in the election. An organiza-  
7           tion or other person representing milk produc-  
8           ers, including a general farm organization, may  
9           not cast ballots in the election on behalf of milk  
10          producers.

11           “(B) CASTING BALLOTS.—The Secretary  
12          shall establish the methods by which ballots  
13          may be cast. Such methods shall include casting  
14          ballots by mail (subject to appropriate safe-  
15          guards) and in person with a representative of  
16          the county office of the Agricultural Stabiliza-  
17          tion and Conservation Service or the Extension  
18          Service.

19          “(d) APPOINTMENT; REGIONAL BOARD.—

20           “(1) APPOINTMENT.—The Secretary shall ap-  
21          point two of the three nominees elected from each  
22          region specified in subsection (c) to serve as mem-  
23          bers of the Board for that region.

24           “(2) REGIONAL BOARD.—The three nominees  
25          elected from each region shall also serve as a Re-

1 regional Milk Marketing Board for the region from  
2 which the nominees were elected to assist the Board  
3 in administering the alternative milk price support  
4 and inventory management program provided in sec-  
5 tion 204C in that region.

6 “(e) MEETINGS OF THE BOARD.—

7 “(1) FIRST MEETING.—Within two weeks after  
8 the Secretary first appoints the members of the  
9 Board under subsection (d), the Board shall convene  
10 for its initial meeting and elect officers.

11 “(2) OTHER MEETINGS.—The Board shall meet  
12 at the call of the chair, or as requested by the Sec-  
13 retary, but at least once every three months.

14 “(f) PROCEDURES OF THE BOARD.—

15 “(1) QUORUM.—A quorum of the Board shall  
16 be eight members.

17 “(2) RULES OF PROCEDURE AND BYLAWS.—  
18 The Board shall adopt written bylaws and rules of  
19 procedures to govern its operations.

20 “(3) EX OFFICIO REPRESENTATION.—The  
21 Board shall notify the Secretary in advance of each  
22 meeting of the Board. The Secretary, or a represent-  
23 ative of the Secretary, shall attend each meeting as  
24 a nonvoting ex officio member of the Board.

25 “(g) TERMS; COMPENSATION.—

1           “(1) FULL TERM.—Each person appointed to  
2           the Board shall serve for a four-year term, except  
3           that one of the members initially appointed to the  
4           Board from each region specified in subsection (c)  
5           shall serve a two-year term, as designated by the  
6           Secretary at the time of the appointment. The Sec-  
7           retary may remove for cause a member from the  
8           Board before the expiration of the term of the mem-  
9           ber.

10           “(2) VACANCIES.—A vacancy on the Board  
11           shall be filled in the same manner as the initial ap-  
12           pointment.

13           “(3) REIMBURSEMENT FOR EXPENSES.—The  
14           members of the Board shall serve without compensa-  
15           tion, but shall be reimbursed for reasonable expenses  
16           incurred in performing their duties as members of  
17           the Board.

18           “(h) DUTIES.—

19           “(1) OPERATION OF DAIRY PROGRAM.—The  
20           Board shall be responsible for implementing, admin-  
21           istering, and operating the alternative milk price  
22           support and inventory management program pro-  
23           vided in section 204C.

24           “(2) MONITORING ACTUAL PRICE RECEIVED BY  
25           PRODUCERS.—The Board may monitor actual prices

1 received by representative producers for milk pro-  
2 duced in the 48 contiguous States and marketed for  
3 commercial use in order to compare those prices  
4 with the rate of price support for milk in effect for  
5 that month and dairy prices at the processor and re-  
6 tail levels. The Board may publish reports regarding  
7 the results of this monitoring.

8 “(i) POWERS.—The Board shall have such incidental  
9 powers consistent with the requirements of this section  
10 and section 204C as the Secretary may prescribe. Such  
11 powers shall include the power to hire such staff and incur  
12 such other administrative expenses as necessary to meet  
13 the responsibilities of the Board, except that administra-  
14 tive expenses for a year may not exceed three percent of  
15 the funds available to the Board for that year.

16 “(j) FUNDING AND BUDGETS.—

17 “(1) BOARD FUNDS.—Consistent with the ap-  
18 proved budget of the Board, funds of the Commodity  
19 Credit Corporation shall be available to pay for ac-  
20 tivities under this section and section 204C.

21 “(2) BUDGETS AND OPERATING PLANS.—The  
22 Board shall submit to the Secretary its proposed an-  
23 nual budget and plan of operations for each calendar  
24 year in which it operates. The budget and plan of  
25 operations shall be subject to the approval of the

1 Secretary, and the Secretary may require such  
2 changes in the budget or plan of operations as the  
3 Secretary considers to be necessary. The Board may  
4 not enter into any obligations or expend any funds  
5 for a year, except as authorized in the budget for  
6 the year approved by the Secretary.

7 “(k) BOOKS AND RECORDS OF THE BOARD.—

8 “(1) RECORDKEEPING AND ACCOUNTING RE-  
9 QUIREMENTS.—The Board shall—

10 “(A) maintain such books and records,  
11 which shall be available to the Secretary for in-  
12 spection and audit, as the Secretary may pre-  
13 scribe;

14 “(B) prepare and submit to the Secretary  
15 such reports as the Secretary may prescribe;  
16 and

17 “(C) account for the receipt and disburse-  
18 ment of all funds entrusted to the Board.

19 “(2) ANNUAL INDEPENDENT AUDITS.—The  
20 Board shall cause its books and records to be au-  
21 dited by an independent auditor at the end of each  
22 calendar year and a report of such audit to be sub-  
23 mitted to the Secretary. The Secretary shall make  
24 such report available to the public upon request.

1           “(3) ACCESS BY COMPTROLLER GENERAL.—  
2           The Comptroller General and the duly authorized  
3           representatives of the Comptroller General shall  
4           have access to and the right to examine all books,  
5           documents, papers, records, or other recorded infor-  
6           mation within the possession or control of the  
7           Board.”.

8   **SEC. 4. ALTERNATIVE MILK PRICE SUPPORT AND INVEN-**  
9                           **TORY MANAGEMENT PROGRAM.**

10          Title II of the Agricultural Act of 1949 (7 U.S.C.  
11   1446 et seq.) is amended by inserting after section 204B,  
12   as added by section 3, the following new section:

13   **“SEC. 204C. ALTERNATIVE MILK PRICE SUPPORT AND IN-**  
14                           **VENTORY MANAGEMENT PROGRAM.**

15          “(a) PRICE SUPPORT RATE TO REFLECT COST OF  
16   PRODUCTION.—The price of milk shall be supported at  
17   a rate established by the Board, and adjusted annually,  
18   to reflect the costs of production for milk producers. The  
19   types of factors to be considered by the Board in determin-  
20   ing the costs of production shall include the following:

21               “(1) Prices for articles and services purchased  
22               by milk producers.

23               “(2) Wages paid to hired farm workers.

24               “(3) The costs of conservation and environ-  
25               mental requirements.

1           “(4) Taxes on farm real estate.

2           “(b) MILK PRODUCTION AND CONSUMPTION ESTI-  
3 MATE.—

4           “(1) ANNUAL ESTIMATE.—Not later than No-  
5 vember 20 of each calendar year, the Board shall  
6 publish in the Federal Register an estimate of—

7                   “(A) the amount of milk and the products  
8 of milk in pounds (on a milk equivalent, total  
9 milk solids basis) necessary to satisfy domestic  
10 consumption and exports of milk and the prod-  
11 ucts of milk during the following calendar year  
12 and maintain a reasonable milk reserve;

13                   “(B) the amount of milk and the products  
14 of milk in pounds (on a milk equivalent, total  
15 milk solids basis) to be produced in the 48 con-  
16 tiguous States during the following year; and

17                   “(C) the amount of milk and the products  
18 of milk in pounds (on a milk equivalent, total  
19 milk solids basis) that the Commodity Credit  
20 Corporation would purchase during the follow-  
21 ing calendar year under this section or section  
22 204.

23           “(2) RULES FOR ESTIMATE.—When making an  
24 estimate under this subsection, the Board—

1           “(A) shall use the rate of price support to  
2           be in effect for the following calendar year; and

3           “(B) may not consider any inventory man-  
4           agement program to balance supply and de-  
5           mand.

6           “(3) DEFINITION.—For purposes of this sec-  
7           tion, the term ‘milk equivalent, total milk solids  
8           basis’ has the meaning given that term in section  
9           204(d)(5)(A).

10          “(c) MILK MARKETING ALLOCATION FACTOR.—On  
11          the basis of the estimates prepared under subparagraphs  
12          (A) and (B) of subsection (b)(1) for a calendar year, the  
13          Board shall establish a milk marketing allocation factor  
14          for the purpose of determining milk producer bases for  
15          that year. The milk marketing allocation factor shall be  
16          equal to the ratio of subparagraph (A) of subsection (b)(1)  
17          to subparagraph (B) of such subsection.

18          “(d) MILK MARKETING HISTORIES.—

19                 “(1) PRODUCER TO INCLUDE CERTAIN MILK  
20                 PRODUCERS USING ANOTHER’S LAND.—For pur-  
21                 poses of this section, the term ‘producer’ includes a  
22                 person who is actively engaged in a dairy operation  
23                 on a farm as a full-time occupation (as evidenced by  
24                 the person’s contribution of active personal labor  
25                 and dairy cows to the operation), although the per-

1 son uses the land, equipment, or facilities of another  
2 person.

3 “(2) ONE- OR FIVE-YEAR AVERAGE.—For each  
4 calendar year, the Board shall assign to each pro-  
5 ducer of milk a marketing history for the producer  
6 equal (at the producer’s option) to—

7 “(A) the quantity of milk marketed by the  
8 producer during the preceding calendar year; or

9 “(B) the average quantity of milk mar-  
10 keted by the producer during the five preceding  
11 calendar years, excluding the year in which the  
12 largest quantity was marketed and the year in  
13 which the smallest quantity was marketed.

14 “(3) USE OF COUNTY COMMITTEES.—In carry-  
15 ing out this subsection, the Board shall utilize the  
16 services of the county committees established under  
17 section 8(b) of the Soil Conservation and Domestic  
18 Allotment Act (16 U.S.C. 590h(b)).

19 “(4) AMOUNTS PRODUCED.—For purposes of  
20 determining the milk marketing history of a pro-  
21 ducer, all milk marketed by the producer from all  
22 farms of the producer for the calendar years in-  
23 volved shall be counted, including milk subject to a  
24 reduction of the price received under this section or  
25 section 204.

1           “(5) NONTRANSFERABILITY; EXCEPTIONS.—A  
2 producer’s marketing history may not be transferred  
3 (by sale, lease, gift, devise, or other method) except  
4 as follows:

5           “(A) There is no restriction on the ability  
6 of a producer who is an individual to transfer  
7 the marketing history of the producer to an im-  
8 mediate family member (such as the spouse,  
9 parent, brother or sister, or child of the pro-  
10 ducer or a person to whom the producer stands  
11 in loco parentis) for use on the same farm.

12           “(B) There is no restriction on the ability  
13 of a producer to sell, lease, or otherwise trans-  
14 fer the marketing history of the producer for a  
15 farm in areas in which class I monetary bases  
16 have been established before the date of the en-  
17 actment of this section.

18           “(C) The county committee shall permit a  
19 producer to reestablish the marketing history of  
20 a farm owned or leased by the producer at an-  
21 other farm owned or leased by the same pro-  
22 ducer.

23           “(D) The county committee may approve  
24 the transfer of the marketing history of a pro-  
25 ducer to another producer (for use on the same

1 farm or another farm) to prevent extreme hard-  
2 ship.

3 “(6) SET-ASIDE OF UNUSED MARKETING HIS-  
4 TORY FOR COUNTY COMMITTEES.—Subject to trans-  
5 fer options specified in paragraph (5), if a producer  
6 in a county receives a milk marketing history under  
7 this subsection for a calendar year and ceases the  
8 production of milk during that year, the portion of  
9 that milk marketing history remaining unused shall  
10 be available to the county committee in which the  
11 producer is located for transfer among producers in  
12 accordance with this paragraph for that calendar  
13 year. The county committee shall transfer any milk  
14 marketing history available to the committee under  
15 this paragraph to persons (excluding nonfarm cor-  
16 porations and investors) in the following order of  
17 priority:

18 “(A) A new milk producer described in  
19 paragraph (7).

20 “(B) A milk producer who has been in op-  
21 eration for less than five years.

22 “(C) A producer in the county whose milk  
23 marketing history for the calendar year involved  
24 is less than 1,000,000 pounds.

25 “(D) Other producers in the county.

1           “(E) Other producers in the region in  
2           which the county is located, to be recommended  
3           by the Regional Milk Marketing Board.

4           “(7) NEW PRODUCERS.—A producer who has  
5           been engaged in the production of milk for less than  
6           12 consecutive months at the beginning of a cal-  
7           endar year shall be assigned a marketing history by  
8           the Board for that year at a reasonable level taking  
9           into consideration the milk marketing histories of  
10          similarly situated producers in the county. A pro-  
11          ducer who participated in the milk production termi-  
12          nation program under section 201(d), as added by  
13          section 101(b) of the Food Security Act of 1985  
14          (Public Law 99–198; 99 Stat. 1363), may reenter  
15          milk production as a new producer.

16          “(8) EQUITABLE ADJUSTMENTS FOR PRODUC-  
17          ERS RESTRAINING PRODUCTION.—In the case of a  
18          producer who restrained milk production during a  
19          calendar year in order to qualify for a refund under  
20          subsection (f)(3) or (h)(3) of section 204 or as a re-  
21          sult of participation in a dairy inventory manage-  
22          ment activity conducted by the Board, the Board  
23          shall assign the producer a milk marketing history  
24          for the next calendar year equal (at the producer’s  
25          option) to—

1           “(A) the amount determined under para-  
2 graph (2); or

3           “(B) the quantity of milk marketed by the  
4 producer from the farm during the most recent  
5 calendar year in which the producer did not re-  
6 ceive such a refund or participate in such an  
7 activity.

8           “(9) SCHEME OR DEVICE.—If the Board deter-  
9 mines that a producer has adopted a scheme or de-  
10 vice for a calendar year to inflate the milk market-  
11 ing history of the producer determined under this  
12 paragraph or to evade reductions in price required  
13 under this section or section 204, the producer shall  
14 be ineligible for that year and the succeeding cal-  
15 endar year to receive—

16           “(A) any marketing history under this sub-  
17 section; or

18           “(B) any milk production base under sub-  
19 section (e).

20           “(e) DETERMINATION OF COMMERCIAL PRODUCTION  
21 BASE.—

22           “(1) NOTIFICATION.—Before January 1 of each  
23 calendar year, the Board shall notify each milk pro-  
24 ducer in the 48 contiguous States of the commercial  
25 production base of the producer for that year.

1           “(2) MARKETING HISTORY EQUAL TO OR  
2 UNDER 1,000,000 POUNDS.—If the milk marketing  
3 history determined under subsection (d) for a milk  
4 producer for a calendar year does not exceed  
5 1,000,000 pounds, the commercial production base  
6 for the producer for that calendar year shall be  
7 equal to the product of—

8                   “(A) the milk marketing history of the  
9 producer; and

10                   “(B) the milk marketing allocation factor  
11 determined for that year under subsection (c)  
12 or one, whichever is greater.

13           “(3) MARKETING HISTORY IN EXCESS OF  
14 1,000,000 POUNDS.—If the milk marketing history  
15 determined under subsection (d) for a milk producer  
16 for a calendar year exceeds 1,000,000 pounds, the  
17 commercial production base for the producer for  
18 that calendar year shall be equal to the sum of—

19                   “(A) 1,000,000 pounds; and

20                   “(B) the product of—

21                           “(i) the milk marketing history of the  
22 producer (reduced by 1,000,000 pounds);  
23 and

1                   “(ii) the milk marketing allocation  
2                   factor determined for that year under sub-  
3                   section (c).

4                   “(4) MAXIMUM COMMERCIAL BASE.—The Re-  
5                   gional Milk Marketing Board for each region speci-  
6                   fied in section 204B(c) may establish a maximum  
7                   commercial production base for producers in that re-  
8                   gion to reflect the economic and production needs of  
9                   the region. Notwithstanding paragraphs (2) and (3),  
10                  no commercial production base determined under  
11                  this subsection for a producer may exceed the maxi-  
12                  mum commercial production base in effect for the  
13                  region in which the producer operates.

14                  “(f) DETERMINATION OF NUTRITION ASSISTANCE  
15                  BASE.—

16                  “(1) PURPOSE OF BASE.—To assure adequate  
17                  quantities of low-cost milk and milk products for the  
18                  Commodity Credit Corporation for distribution  
19                  through nutrition assistance programs, the Board  
20                  shall assign to each milk producer a nutrition assist-  
21                  ance base for each calendar year. The Commodity  
22                  Credit Corporation shall offer to purchase from each  
23                  purchaser, at the reduced price specified in sub-  
24                  section (g)(2), a quantity of milk corresponding to

1 the nutrition assistance base of the producer for the  
2 calendar year involved.

3 “(2) DETERMINATION.—The nutrition assist-  
4 ance base for a producer for a calendar year shall  
5 be equal to the product of—

6 “(A) the commercial production base of  
7 the producer under subsection (e) for that year;  
8 and

9 “(B) a percentage established by the  
10 Board for that year, but not to exceed five per-  
11 cent.

12 “(3) NOTIFICATION.—The notification required  
13 to be provided to milk producers under subsection  
14 (e)(1) for each calendar year shall also include the  
15 nutrition assistance base for the producers for that  
16 year.

17 “(g) REDUCTIONS IN PRICE FOR EXCESS PRODUC-  
18 TION.—

19 “(1) PRICE REDUCTION REQUIRED.—The  
20 Board shall provide for a reduction to be made in  
21 the price to be received by a milk producer for any  
22 quantity of milk produced in the 48 contiguous  
23 States and marketed during a calendar year by the  
24 producer for commercial use in excess of the com-

1       merchial production base of the producer for that  
2       year.

3               “(2) REDUCTION FOR NUTRITION BASE MAR-  
4       KETINGS.—For quantities of milk marketed by a  
5       producer in excess of the commercial production  
6       base of the producer, but not in excess of the nutri-  
7       tion assistance base of the producer, the amount of  
8       the reduction under this subsection in the price re-  
9       ceived by such producer shall be equal to the prod-  
10      uct of—

11               “(A) 70 percent of the rate of price sup-  
12              port for milk (per hundredweight) in effect  
13              under subsection (a) for the calendar year in-  
14              volved; and

15               “(B) the quantity of such milk (measured  
16              in hundredweights) so marketed.

17               “(3) REDUCTION FOR OTHER EXCESS MARKET-  
18       INGS.—For quantities of milk marketed by a pro-  
19       ducer in excess of the commercial production base  
20       and the nutrition assistance base of the producer,  
21       the amount of the reduction under this subsection in  
22       the price received by such producer shall be equal to  
23       the product of—

24               “(A) 100 percent of the rate of price sup-  
25              port for milk (per hundredweight) in effect

1 under subsection (a) for the calendar year in-  
2 volved; and

3 “(B) the quantity of milk (measured in  
4 hundredweights) so marketed that exceeds the  
5 commercial production base and the nutrition  
6 assistance base of the producer.

7 “(h) ENFORCEMENT.—

8 “(1) COLLECTION.—Reductions in price re-  
9 quired under subsection (g) shall be collected and re-  
10 mitted to the Commodity Credit Corporation in the  
11 manner prescribed by the Board.

12 “(2) PENALTIES.—If any person fails to collect  
13 or remit the reduction required by subsection (g) or  
14 fails to comply with such requirements for record-  
15 keeping or otherwise as are required by the Board  
16 to carry out such subsection, the person shall be lia-  
17 ble for a civil penalty up to an amount determined  
18 by multiplying—

19 “(A) the quantity of milk involved in the  
20 violation; by

21 “(B) price support rate for milk (per hun-  
22 dredweight) in effect under subsection (a) for  
23 the calendar year involved.

24 “(3) ENFORCEMENT.—The Board may enforce  
25 subsection (g) in the courts of the United States.”.



HR 3370 IH—2