



Senate

General Assembly

File No. 284

February Session, 2008

Substitute Senate Bill No. 632

Senate, March 31, 2008

The Committee on Environment reported through SEN. MEYER of the 12th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING ASSISTANCE FOR DAIRY FARMERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) There shall be established a
2 Dairy Farm Protection account, which shall be a separate, nonlapsing
3 account within the General Fund. The Commissioner of Agriculture
4 may use said account to make grants to dairy farmers in this state
5 based on the milk production levels of such farmers in any year where
6 the average monthly federal price per hundredweight received by such
7 farmers for milk produced by them is less than such farmers' costs of
8 production, as determined by the commissioner.

9 Sec. 2. (NEW) (*Effective from passage*) The Commissioner of
10 Agriculture, in consultation with the Secretary of the Office of Policy
11 and Management, shall, not later than January 1, 2009, make
12 recommendations and any proposed legislative changes to the joint
13 standing committees of the General Assembly having cognizance of
14 matters relating to agriculture, energy and public utilities, in
15 accordance with section 11-4a of the general statutes, regarding

16 actions that may be taken to lower agricultural fuel, electricity and
17 production costs.

18 Sec. 3. (NEW) (*Effective from passage*) The Commissioner of
19 Agriculture and the Commissioner of Economic and Community
20 Development shall, not later than January 1, 2009, jointly make
21 recommendations and any proposed legislative changes to the joint
22 standing committee of the General Assembly having cognizance of
23 matters relating to agriculture, in accordance with section 11-4a of the
24 general statutes, regarding actions that may be taken to increase
25 Connecticut dairy industry revenues.

26 Sec. 4. (NEW) (*Effective from passage*) (a) There is established, within
27 available appropriations, the Connecticut Certified Milk Promotion
28 Board, which shall be within the Department of Agriculture.

29 (b) The board shall consist of the following members: (1) One
30 appointed by the majority leader of the Senate, who shall be involved
31 in agriculture or in an agriculture organization; (2) one appointed by
32 the president pro tempore of the Senate, who shall be actively involved
33 in dairy farming; (3) one appointed by the minority leader of the
34 Senate, who shall represent the dairy industry; (4) one appointed by
35 the minority leader of the House of Representatives, who shall be a
36 dairy retailer; (5) one appointed by the speaker of the House of
37 Representatives, who shall be involved in agriculture or in an
38 agriculture organization; (6) one appointed by the majority leader of
39 the House of Representatives, who shall be a dairy wholesaler; (7) the
40 Commissioner of Agriculture, or the commissioner's designee; and (8)
41 the chairpersons of the joint standing committee of the General
42 Assembly having cognizance of matters relating to agriculture, who
43 shall be ex-officio members without the right to vote. The board shall
44 elect a chairperson and a vice-chairperson from among its members.
45 Any person absent from (A) three consecutive meetings of the
46 commission, or (B) fifty per cent of such meetings during any calendar
47 year shall be deemed to have resigned from the board, effective
48 immediately. Vacancies on the board shall be filled by the appointing

49 authority. Members of the board serve without compensation but
 50 shall, within the limits of available funds, be reimbursed for expenses
 51 necessarily incurred in the performance of their duties. The board shall
 52 meet as often as deemed necessary by the chairperson or a majority of
 53 the board.

54 (c) The board shall: (1) Develop, coordinate and implement
 55 promotional, research and other programs designed to promote
 56 Connecticut dairy farms and milk consumption; and (2) prepare and
 57 submit to the joint standing committee of the General Assembly
 58 having cognizance of matters relating to agriculture an annual report
 59 concerning its activities.

60 (d) The board may use such funds as may be available from federal,
 61 state or other sources and may enter into contracts to carry out the
 62 purposes of this section.

63 (e) The board may, subject to the provisions of chapter 67 of the
 64 general statutes, employ any necessary staff within available
 65 appropriations.

66 Sec. 5. (*Effective from passage*) The sum of ____ dollars is
 67 appropriated to the Department of Agriculture, from the General
 68 Fund, for the fiscal year ending June 30, 2009, to fund the Dairy Farm
 69 Protection account established pursuant to section 1 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	New section

Statement of Legislative Commissioners:

Section 1 was redrafted to change the placement of "Commissioner of Agriculture" for accuracy.

ENV Joint Favorable Subst.-LCO

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 09 \$	FY 10 \$
Department of Agriculture	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill establishes a Dairy Farm Protection Account and appropriates an unspecified amount for this purpose in FY 09. It provides discretionary authority to the Commissioner of Agriculture to make grants to dairy farmers from the account in years when prices fall below the cost of production. As no funding is specified in Section 5, it is anticipated that the Department of Agriculture (DOAg) will not implement the program.

It should be noted that, based on current estimates, it would cost about \$6.0 million in FY 09 and \$10.0 million in FY 10 to provide grants that would cover the difference in the price dairy farmers are estimated to receive, versus their cost of production.

There could be costs of about \$10,000-\$30,000 in FY 09 and FY 10 for DOAg to hire a part-time staff person to complete reporting requirements and administer grants under this bill.

The bill also creates the Connecticut Certified Milk Promotion Board and authorizes them to use federal or private funds to enter into contracts. However, no such funding sources are identified at this time.

sHB 5021 (the revised FY 09 Appropriations Act), as favorably reported by the Appropriations Committee provides \$75,000 to DOAg

to develop recommendations on how dairy farms can reduce their production costs, and \$75,000 for DOAg to work with DECD on recommendations on how the dairy industry can increase revenues.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**SB 632*****AN ACT CONCERNING ASSISTANCE FOR DAIRY FARMERS.*****SUMMARY:**

This bill establishes a separate, non lapsing dairy farm protection account within the General Fund to make grants to Connecticut dairy farmers when the value of dairy products on the market does not cover production costs. The bill also creates a nine-member Connecticut Certified Milk Promotion Board within the Department of Agriculture (DOAG).

The bill requires the DOAG commissioner, in part with the Department of Economic and Community Development (DECD) commissioner and in part in consultation with the Office of Policy and Management (OPM) secretary, to make recommendations and legislative proposals to lower dairy farm production costs and to increase dairy industry revenues by January 1, 2009.

EFFECTIVE DATE: Upon passage

DAIRY FARM PROTECTION ACCOUNT

The bill establishes a dairy farm account to make production-based grants to Connecticut dairy farmers where the average monthly federal price per hundredweight is less than the farmers' costs of production, as the DOAG commissioner determines. The account is under the direction of the DOAG commissioner. The bill appropriates an unspecified amount to DOAG in FY 09 for the account.

CERTIFIED MILK PROMOTION BOARD

The bill, within available appropriates, also creates a Connecticut certified milk promotion board within DOAG. The board must consist

of nine members: (1) the Commissioner of DOAG or his designee, (2) six appointed from the dairy industry by the leaders of the General Assembly, and (3) the Environment Committee chairpersons, both of whom are non-voting ex-officio members.

Table 1 outlines the appointing authorities and appointment guidelines for the six appointed members.

Table 1: Milk Promotion Board Appointments

Appointing Authority	Member Requirements
Senate majority leader and House speaker	Involved in agriculture or in an agricultural organization
Senate president pro tempore	Actively involved in dairy farming
Senate minority leader	Represent the dairy industry
House minority leader	A dairy retailer
House majority leader	A dairy wholesaler

Members of the board serve without compensation, but may be reimbursed for related expenses. The board elects its own chairperson and vice-chairperson from among its members. The chairperson or a majority of members of the board determines the number of necessary meetings. Members are deemed to have resigned if they miss more than three consecutive meetings, or 50% of meetings held by the board in a calendar year, and the appointing authority must fill vacancies.

The board's charge is to (1) develop, coordinate and implement promotional, research and other programs designed to promote Connecticut dairy farms and milk production, and (2) submit an annual report of its activities to the Environment Committee. The

board may employ any necessary staff, but must operate within available appropriations. The board may apply for federal, state, or other funding and enter into contracts to carry out its charge.

RECOMMENDATIONS AND LEGISLATIVE PROPOSALS TO LOWER DAIRY FARM COSTS AND INCREASE REVENUES

The bill requires the DOAG commissioner to make recommendations and legislative proposals in two policy areas by January 1, 2009. It requires the DOAG commissioner, in consultation with the OPM secretary to make recommendations and legislative proposals to lower agricultural fuel, electricity and production costs to the Environment and Energy and Technology committees. The bill also requires the DOAG and DECD commissioners to make recommendations and propose legislation to the Environment Committee to increase Connecticut dairy revenues.

COMMITTEE ACTION

Environment Committee

Joint Favorable

Yea 27 Nay 0 (03/12/2008)