

Approved March 30, 1992
Date

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE

The meeting was called to order by Sen. Don Montgomery at
Chairperson

10:00 a.m./~~p.m.~~ on March 27, 19 92 in room 423-S of the Capitol.

All members were present except:

Sen. Harder

Committee staff present:

Raney Gilliland, Legislative Research
Jill Wolters, Revisor of Statutes
Shirley Higgins, Committee Secretary

Conferees appearing before the committee:

Robert Thiessen, Jackson Ice Cream, Hutchinson
Hyde Jacobs, Assistant to the Dean of Agriculture, Kansas State University

The chairman began discussion of Sub. for HB 3046, which would create the Dairy Stabilization Fund. He recalled for the committee that some dairy manufacturers had misunderstood the date for the hearing on the bill. Therefore, he was making an exception and allowing a representative of the manufacturers to testify. Robert Thiessen of Jackson Ice Cream in Hutchinson spoke. He reminded the committee that he had sent a fax to them with his objections. He is concerned that a new tax on milk will cause the price to go up for all consumers because milk is a product purchased by all consumers. He also feels there is a legal question which may be a legal road block. Finally, he said he feels there would be a problem of enforcement in regard to those who sell to Kansas outside the state.

The chairman agreed that the cost factor is never accepted by the public, however, if dairy farmers are forced out of business, it will be necessary to import milk which will raise the cost of milk. The Dairy Commissioner's figures indicate that the number of dairy farmers has fallen and the volume has gone down also. He also feels that there are methods to enforce.

Sen. Webb asked Mr. Thiessen what the tax would be on a gallon of milk. Mr. Thiessen said it would be 5¢ a gallon. This is for class 1 milk which is what processors buy and includes bottling and labeling. Mr. Thiessen told Sen. Webb that the wholesale cost of raw milk per gallon is approximately \$1.50 which includes the cost of milk and other associated costs of production.

Sen. Doyen asked what determines the price of milk. Mr. Thiessen said it is determined by the federal government which uses what is called the Minnesota Wisconsin price. He added that aid to dairy farmers should come from here in his opinion.

Sen. Daniels referred to statistics submitted from the Agriculture Department earlier at the hearing and asked if there are figures for 1992. Melvin Brose, Dairy Commissioner, answered that the number of producing dairies are going down dramatically, but volume has leveled off. Sen. Lee asked if there are any accurate figures showing how many dairy farmers were lost due to participation in the buy out. Mr. Brose stated that the buy outs occurred in 1986-1987 with the stipulation that those participating could not return to dairy farming for five years. Most of those lost since 1987 were due to retirements, but some just went out of business. Thirty-five a year is the normal trend.

Sen. Webb had further questions about the 5¢ tax which Mr. Thiessen had predicted. It was determined that the price raise in the market place would be 5¢ but for the manufacturer closer to 3¢.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE

room 423-S, Statehouse, at 10:00 a.m./~~p.m.~~ on March 27, 1992

Staff reported on dairy stabilization programs in other states as had been directed. (Attachment 1).

The chairman determined with staff that the cost of administration would come out of the stabilization fund.

Sen. Webb asked if it would be constitutional if the bill were passed with a provision that it is effective only if surrounding states pass similar legislation. Staff said it would not be unconstitutional but was uncertain as to the need for this provision. Mr. Thiessen said that at present there is a law concerning milk solids which will not be effective until all of the states surrounding Kansas pass it.

Sen. Frahm said the question had been raised to her by a constituent as to if out-of-state purchasers would be required to pay the tax. The chairman determined that they would pay nothing unless they sold back in to the State of Kansas.

Hyde Jacobs, Kansas State University, expressed concerns if the bill is passed. Additional studies might have to be undertaken to up-date K-State's statistics. If someone made a charge against the university's statistics, it might be difficult to respond definitely because of the lack of this type of data being gathered. The figures would reflect the average cost of farmers that are on record only. Currently, there is not a dairy economist on the staff, but with the bill, a new employee may be necessary.

Sen. Daniels addressed Cleve Lewis of Prairie Farms Dairy regarding a fax she had received from him. (Attachment 2). She questioned his statement that there is too much surplus milk on the market. Mr. Lewis responded that this is simply based on utilization, the less the surplus, the higher the prices.

Sen. Lee expressed her concerns about the bill. She feels that all types of farmers must make changes in their operations as prices fluctuate because of the cost of production. At the federal level, they are looking at doing away with subsidies, but in Kansas this bill is enacting one. She posed the question that if it is passed for dairy farmers, where does it stop? She concluded that she feels it is an issue that needs more study.

The chairman asked staff to explain the amendments which had been prepared. (Attachment 3). A discussion followed regarding what method could be used to guarantee Kansas State a recovery cost for hiring another staff person.

Sen. Francisco expressed his opinion that there are so many questions regarding the bill that it should be put in an interim study. The chairman said that those who support the bill feel it needs to go into effect this year.

There being no further time, the discussion was continued to Monday, March 30.

Sen. Frahm made a motion that the minutes of March 26 may need to be clarified in regard to statements made by Ms. Rice referring to "law" or "rules and regulations" and should be determined, Sen. Brady seconded the motion, and the motion carried. Mr. Wilke will clarify.

The meeting was adjourned at 11:00 a.m.

GUEST LIST

COMMITTEE: Senate Agriculture

DATE: March 27, 1992

| NAME | ADDRESS | ORGANIZATION |
|--------------------|-----------------|-------------------------|
| Frances Kastner | Topeka | K's Food Dealers Assn |
| John Wilson | Kansas City | Mid-America Dairyman |
| David Parrish | Springfield | Mid Am. |
| McKID Brose | Topeka | Ks Board of Ag |
| James Emission | Des Moines | AE Dairy |
| Sed Barlowe | Kansas City, Ks | AE Dairy |
| Kenneth M. Wilke | Topeka | K'S B A |
| David A. Bush | Des Moines, IA | AE Dairy |
| Glen Lewis | Springfield | Prairie Farms Dairy |
| Ron Anderson | CONAHA, IA | PRAIRIE FARMS |
| Charles Burger | Wichita Ks | Prairie Farms |
| Linnwood Sexton | Wichita, Ks | Prairie Farms |
| Hyde S. Jurotz | Manhattan, Ks | Kansas State University |
| SUE PETERSON | MANHATTAN | KANSAS STATE UNIVERSITY |
| JOHN C. BOTTENBERG | TOPEKA | PM-USA |
| JOE RIKKHOUGH | Topeka | Ks Livestock Assn. |
| Al LeDoux | Holton | CKFD |
| Harold Bailey | Manhattan, Ks | Mid America Dairyman |
| JACK PADLEY | Kansas City | Mid Am Dairyman |
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MEMORANDUM

TO: Senate Agriculture Committee

FROM: Jill Wolters, Assistant Revisor *JW*

RE: Substitute for HB 3046, As Further Amended by House Committee of the Whole

Other State Laws

Maine and Vermont have both enacted legislation creating a dairy stabilization program.

The Maine Dairy Farm Stabilization Act, cited 36 § 4541 through § 4547, was effective August 1, 1991. The Maine act sets a basic price based on the class I price of milk adjusted to reflect cost factors and increased cost of production. If the basic price falls below \$16, a tax is placed per quart on milk, ranging from \$.01 to \$.05 maximum. The tax is imposed on the wholesale handler. The funds are disbursed monthly as follows: 94% to milk market producers on the basis of production (if production is in excess of 400,000 pounds, payment is based on 400,000 pounds); 4% to the state WIC program; and 2% to pay actual costs of program. The act will sunset on November 7, 1993.

The Maine Supreme Court issued an advisory opinion on the constitutionality of the law on June 12, 1991. The Court found the Maine law did not violate the commerce clause of the United States Constitution, Article 1, Section 8, Clause 3. The opinion states the tax "does not discriminate against interstate commerce by providing direct commercial advantages to the Maine dairy industry," page 4. Maine is involved in a regional group that has price controls, thus the same minimum price is paid for in-state and out-of-state milk.

An attorney at the Maine Department of Agriculture, Food and Rural Resources, stated Cumberland Farms, a milk handler in Maine, has filed suit in federal court reasserting that the law violates the United States commerce clause. The State of Maine is seeking to dismiss based on the Maine Supreme Court opinion.

The Vermont Dairy Industry Income Stabilization Program, t.6 § 2991 through t.6 § 2998, was enacted May 19, 1988 and is quite different from the proposed bill. In 1988, Vermont had a state budget surplus and appropriated \$7,500,000 into the dairy

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Attachment 1

industry income stabilization fund. This program was coupled with approximately \$7,000,000 in tax breaks and \$20,000,000 for low interest loans available to all farmers. The dairy fund was only available to dairy farmers who had to receive at least 50% of their annual gross income and no more than \$32,000 net farm income from operating a dairy farm.

Payments from the fund were made while the price of number one blend price for milk remained under \$13 per hundred pounds. The dairy farmer received two payments based on production. However, no farm was paid for more than 1,000,000 pounds of production.

The Vermont program was funded only one year and the statutes were repealed in 1991.

Commerce Clause Concerns

The Louisiana Dairy Stabilization Board v. Dairy Fresh Corporation, 631 F.2d 67 (1980), was cited as controlling case law to invalidate the proposed bill as unconstitutional by violating the commerce clause. This case can be distinguished from the proposed bill based on the differences between the Louisiana law and the Kansas proposal.

The Louisiana law regulated "out-of-state sale of their products for resale in Louisiana," 631 F.2d at 69. The assessment was placed on the transaction that took place outside of Louisiana, even though the products were for resale in Louisiana. The Louisiana statute further required such out-of-state processor to be licensed in Louisiana and to open the processors' records to the state for review.

The proposal encompassed in Substitute for HB 3046 does not place an assessment on out-of-state sales. The assessment is levied on the milk product for sale at retail in Kansas. Out-of-state sellers of milk are not licensed by the Kansas state board of agriculture unless such seller sells milk in Kansas.

The court in the Louisiana Dairy Stabilization Board decision stated, 631 F.2d at 69,

". . . although Louisiana may have the power and right to regulate the production, processing and distribution of milk products within the state, it has by virtue of the commerce clause no power to project its economic regulation . . . to production, processing and sale of dairy products at places without the state."

To the KANSAS Legislature, Senate Committee on Agriculture

Don Montgomery, Chairperson

Dave Webb, Vice Chairperson

Members:

Bill Brady

Norma Daniels

Ross Doyen

Sheila Frahm

Ken Francisco

Joseph Harder

Janis Lee

Janice McClure

Don Sallee

In Response to: Sub. HB 3046, An ACT creating the Dairy stabilization fund; relating to an assessment on milk products.

Response by: PRAIRIE FARMS DAIRY, INC., dairy processor and wholesaler financially involved in operations at various locations in the State of Kansas including:

- Processing Plant - Wichita
- Distribution branches
 - Erie
 - Coffeyville
 - Salina
 - Manhattan
 - Dodge City
 - Great Bend
 - Hutchison

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TO: SENATOR ROSS DOYEN

LOCATION

FAX NUMBER

TELEPHONE NUMBER

COMMENTS

FROM: CIEVE LEWIS

LOCATION: PRAIRIE FARMS DAIRY

FAX NUMBER: 417-837-1100

TELEPHONE NUMBER

Senate Agriculture

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Attachment 2

HELP!

HELP!

Don't Raise Milk Prices

In Kansas

At the present time you are considering a bill passed by the House (HB 3046) that could raise the price of milk to consumers by as much as eight cents a gallon. This is not the time to be raising milk prices! With the present economic conditions it's hard enough for many families to make ends meet now. Don't make it any harder for them. Milk prices are high enough. As you must know any increases are going to be absorbed by schools, nursing homes, WIC programs, etc. It's no secret these institutions are already in financial distress.

The price of milk paid to dairy farmers is essentially based on utilization. There are three classes of milk, Class I, Class II, and Class III.

Class I milk includes all bottled products such as regular homogenized, 2% low fat, 1% low fat, , skim, buttermilk, chocolate milk, etc.

Class II is light and heavy cream, sour cream and dips, yogurt, ice cream, cottage cheese, etc.

Class III is butter, cheese, powder, etc.

The announced prices for all these classes of milk vary quite a lot, with Class I being the higher priced, followed by Class II and Class III.

The "blend price", (the price paid to farmers), is essentially calculated by pricing out all the milk that has been utilized in each class; and dividing the sum total by the total pounds of milk available. The net result is the price paid to dairy farmers for their milk.

Naturally, the higher the Class I utilization, the higher the price paid to farmers. Our main problem today is that there is too much surplus milk on the market. This surplus automatically reduces the price paid to farmers simply because of the blend of the utilization in the three classes.

At this point it should be noted that there are additional premiums that must be remitted by most processors each month to a fund that is referred to as a "Super Pool" or in some cases it is simply called "Over Order Pricing". Most generally the premiums are charged in the following manner:

1. An amount for Class I milk (ranges are from \$.50 to \$1.25 per cwt).
2. An amount for Class II milk (usually in the \$.50 to \$1.00 per cwt range).
3. An amount for Class III milk (usually in the \$.50 to \$1.00 per cwt range).

Please refer to exhibit A. This exhibit (which actually came from the office of one of the major cooperatives) compares April 1991 Class I prices to March and April 1992. You will notice that in all markets April 1992 shows a considerable increase over April 1991. Also, remember that higher Class I usage reflects higher prices paid to dairy farmers. We have highlighted the actual Class I price which includes the net over order premium. We also indicate the net over order premium that is remitted directly to the cooperative association. Since this particular

comparison only covers Kansas City, only those numbers have been specifically highlighted. However, exhibit B shows the pricing for the entire state of Kansas. Please see exhibit B. Exhibit B, a map of the middle section of the country shows the net Class I pricing for several different market areas. The top numbers indicate the net Class I price and the bottom number is the net over order premium per cwt. We have isolated the state of Kansas to point out the net Class I price in your state. As you can see, the prices are substantial, but once again all the milk utilized in the lower classes brings the blend price down drastically.

These amounts are most generally paid directly to the Cooperatives, who market the milk for their members. Needless to say, millions of dollars are paid into these funds each year. The dairy farmers receive little and most often none of this money.

This program has already caused inequitable pricing in most areas. If a processor buys his milk from "non-member" dairy farmers (those who do not belong to a cooperative) he does not have to pay these over order premiums. This automatically gives him a cost advantage over his competitors.

The government has tried several methods of controlling the floor pricing over the years. In the mid 1970's the support price was indexed to inflation levels; automatically the floor price rose dramatically. This triggered higher production and more surplus milk on the market. In 1983, the government began cutting back in its subsidy program, and in 1984 a dairy diversion program actually paid dairy farmers not to produce milk; however, production went back up as soon as the "no production premiums" ended. In 1985, a "whole-herd buyout program" was enacted to reduce the number of cows on farms, and 825,000 cows were slaughtered. Naturally, with fewer cows producing, milk production decreased and prices increased in the ensuing two years. However, milk production eventually increased (due to increased production per cow) and prices started back down. It seems that all efforts by the government to help dairy farmers has actually been thwarted by the farmers themselves due to their own mismanagement of the program.

Over the past years the powerful lobbying efforts of the large milk Cooperatives have been able to exert enough influence in Washington to maintain certain levels of control. All efforts by Congress to help stabilize milk pricing has been ineffective. In a very short time farmers are back to producing more milk than ever. So now the lobbying efforts have been shifted from the national level to the state legislatures. Obviously, if they can't get any more help from Washington they must focus on the individual states. It is not by accident that these "dairy stabilization programs" are being introduced in several states simultaneously.

This surplus milk problem has existed for many, many years, and the taxpayers of this country have carried the burden of the support program since day one. Now we are faced with the decision of putting more burden on the consumer to further the cause of the dairy farmer. We think it is time for the dairy farmers to start helping themselves. What's happening to all the over order premiums, the millions of dollars each year that are remitted directly to the cooperative associations? Are their operational needs so great that they can't pass along a portion of these upcharges that have already been paid by the consumer. The consumer has had enough mismanagement expense passed on to them by the support program. They are already

paying a sales tax on all the dairy products they buy and this assessment is nothing more than a glorified tax. The present support program does help considerably, but it's time for the dairy farmers to start helping themselves. In reality, it's time for the dairy cooperatives to take care of their own problems without relying on consumers to "bail them out" repeatedly. The ultimate answer to a fair price for any product is "supply and demand".

Please consider this bill very carefully. It is not good for the dairy industry and especially it is not good for the taxpayers (consumers) of the great state of Kansas.

Exhibit A

OVER ORDER PRICE COMPARISONS

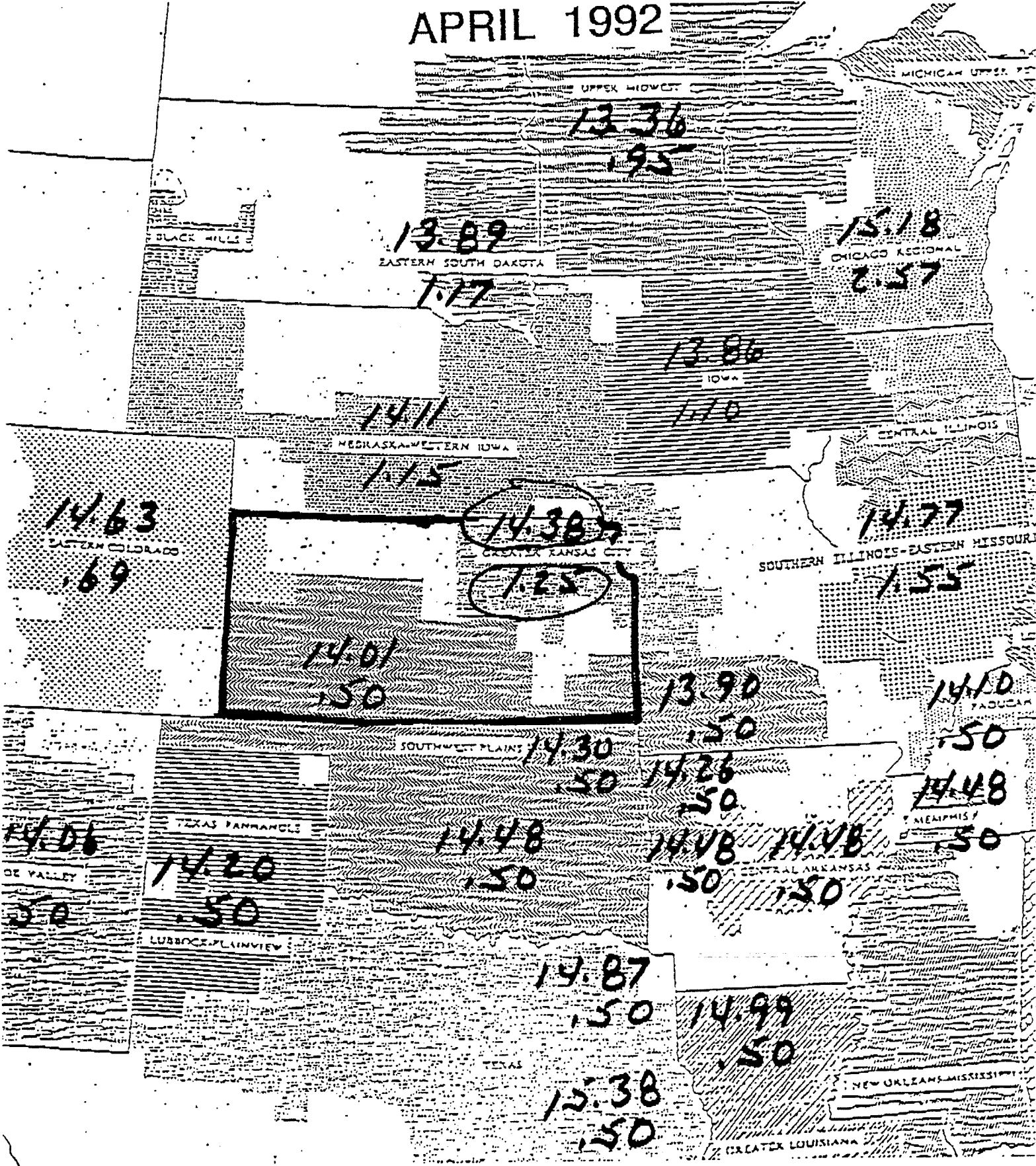
| MARKET | PRICE BASIS | 1991 APR | 1992 MAR | 1992 APR | NEW PRICE |
|---------------|------------------|----------------|-------------|----------------|--------------|
| Minn-St. Paul | Announced | \$11.81 | \$13.76 | \$13.36 | |
| | Gross Over Order | \$ 0.57 | \$ 0.85 | \$ 0.95 | |
| | Net Over Order | \$ 0.57 | \$ 0.85 | \$ 0.95 | |
| Des Moines | Announced | \$12.62 | \$14.59 | \$14.17 | |
| | Gross Over Order | \$ 1.03 | \$ 1.33 | \$ 1.41 | |
| | Net Over Order* | \$ 0.72 | \$ 1.02 | \$ 1.10 | |
| St. Louis | Announced | \$13.81 | \$15.63 | \$15.23 | |
| | Gross Over Order | \$ 1.76 | \$ 1.91 | \$ 2.01 | |
| | Net Over Order* | \$ 1.30 | \$ 1.45 | \$ 1.55 | |
| Omaha | Announced | \$12.87 | \$14.82 | \$14.42 | |
| | Gross Over Order | \$ 0.96 | \$ 1.36 | \$ 1.46 | |
| | Net Over Order* | \$ 0.65 | \$ 1.05 | \$ 1.15 | |
| Kansas City | Announced | \$13.04 | \$14.99 | \$14.69 | |
| | Gross Over Order | \$ 0.96 | \$ 1.36 | \$ 1.56 | |
| | Net Over Order* | \$ 0.65 | \$ 1.05 | \$ 1.25 | |
| Springfield | Announced | \$13.50 | \$14.65 | \$14.15 | |
| | Gross Over Order | \$ 1.15 | \$ 0.75 | \$ 0.75 | |
| | Net Over Order* | \$ 0.75 | \$ 0.50 | \$ 0.50 | |
| Dallas | Announced | \$14.19 | \$15.72 | \$15.22 | |
| | Gross Over Order | \$ 0.75 | \$ 0.75 | \$ 0.75 | |
| | Net Over Order | \$ 0.35 | \$ 0.50 | \$ 0.50 | |

* Assumed maximum uniform receipts credit -

EFFECTIVE CLASS I PRICES

NET OVER ORDER

APRIL 1992



[As Further Amended by House Committee of the Whole]

[As Amended by House Committee of the Whole]

Session of 1992

Substitute for HOUSE BILL No. 3046

By Committee on Agriculture

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12 AN ACT creating the dairy stabilization fund; relating to an assess-
13 ment on milk products; amending K.S.A. 1991 Supp. 75-3170a
14 and repealing the existing section.

15

16 *[Be it enacted by the Legislature of the State of Kansas:]*

17 New Section 1. (a) There is hereby levied an assessment of 2.25%
18 upon the wholesale value of any milk product or dairy product for
19 sale at retail in the state of Kansas, except that any milk products
20 or dairy products bought using public moneys shall be exempt from
21 such assessment. Annually, the secretary shall set the assessment at
22 a rate of not more than 4%. The secretary shall not change the
23 assessment rate, either to increase or reduce such rate, more than
24 once a year. An increase shall not exceed .5% in any one year.

25 (b) Any dairy manufacturing plant, milk distributor, milk pro-
26 cessor, or other person who sells milk products or dairy products
27 at wholesale shall pay such assessment to the dairy stabilization fund,
28 established pursuant to subsection (c).

29 (c) Such entity or person shall calculate the wholesale value of
30 the milk products or dairy products on a monthly basis and remit
31 the assessment to the secretary of the state board of agriculture.
32 The secretary shall remit all moneys received in payment of such
33 assessment to the state treasurer at least monthly. Upon receipt of
34 each such remittance, the state treasurer shall deposit the entire
35 amount thereof in the state treasury. Twenty percent of that portion
36 of each deposit shall be credited to the state general fund pursuant
37 to K.S.A. 75-3170a, and amendments thereto, and the amount of
38 the balance of each deposit which is derived from the assessment
39 shall be credited to the dairy stabilization fund which is hereby
40 created in the state treasury.

41 (d) All money so credited to the dairy stabilization fund shall be
42 expended pursuant to section 2.

43 (e) All expenditures from such fund shall be made in accordance

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Attachment B

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1 with appropriation acts upon warrants of the director of accounts and
2 reports issued pursuant to vouchers approved by the secretary of
3 the state board of agriculture or by a person or persons designated
4 by the secretary.

5 (f) For any month, for which on the first day of the month, the
6 balance of the dairy stabilization fund is \$10,000,000, the secretary
7 shall not impose or collect any [the] assessment [levied pursuant to
8 section 1] during such month. [The cap on the fund imposed in this
9 subsection shall not apply to the assessment collected pursuant to
10 section 3 [2].]

11 (g) On the 10th day of each month, the director of accounts and
12 reports shall transfer from the state general fund to the dairy sta-
13 bilization fee fund, the amount of money certified by the pooled
14 money investment board in accordance with this subsection. Prior
15 to the 10th of each month, the pooled money investment board shall
16 certify to the director of accounts and reports the amount of money
17 equal to the proportionate amount of all the interest credited to the
18 state general fund for the preceding period of time specified under
19 this subsection, pursuant to K.S.A. 75-4210a, and amendments
20 thereto, that is attributable to money in the dairy stabilization fee
21 fund. Such amount of money shall be determined by the pooled
22 money investment board based on:

23 (1) The average daily balance of moneys in the dairy stabilization
24 fee fund during the period of time specified under this subsection
25 as certified to the board by the director of accounts and reports;
26 and

27 (2) the average interest rate on repurchase agreements of less
28 than 30 days duration entered into by the pooled money investment
29 board for that period of time. On or before the fifth day of the
30 month for the preceding month, the director of accounts and reports
31 shall certify to the pooled money investment board the average daily
32 balance of moneys in the dairy stabilization fee fund for the period
33 of time specified under this subsection.

34 (h) The secretary or the secretary's designee is hereby authorized
35 and empowered to:

36 (1) Examine any books and records which are kept by any person
37 who is subject to this act and which pertain to any milk, milk
38 products or dairy products or any fees required to be paid pursuant
39 to this act;

40 (2) examine under oath or otherwise, any person whom the sec-
41 retary may believe has knowledge concerning the unlawful operation
42 of any business under this act; and

43 (3) issue subpoenas requiring the appearance of witnesses and

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1 the production of books, papers, reports and records, and to ad-
2 minister oaths under this act.

3 (i) This section shall be part of and supplemental to article 7 of
4 chapter 65 of the Kansas Statutes Annotated, and amendments
5 thereto.

6 New Sec. 2. (a) Annually, the secretary shall request of Kansas
7 state university the cost of production study for milk. On July 1,
8 the secretary shall use such study to determine a:

9 (1) Target price established at an amount of 85% of the actual
10 price [cost] of production. This figure shall be the target price for
11 the year; and

12 (2) producer price established at an amount of 115% of the actual
13 price [cost] of production. This figure shall be the producer price
14 for the year.

15 (b) ~~The secretary, on a monthly basis, shall compare the Min-~~
16 ~~nesota and Wisconsin series price, published monthly by the~~
17 ~~United States department of agriculture, [blend price for the~~
18 ~~previous month] to the target price. If the Minnesota and Wis-~~
19 ~~consin series [blend] price is less than the target price, the secretary~~
20 ~~shall pay to milk producers the difference between the prices, based~~
21 ~~on the actual milk production of such milk producers, from the dairy~~
22 ~~stabilization fund. If the Minnesota and Wisconsin series [blend]~~
23 ~~price is greater than the target price, the secretary shall not disburse~~
24 ~~any funds for that month.~~

The cost of production study for milk shall consider all variable costs, including but not limited to, hired labor, repairs, interest paid, feed purchased, farm organization, veterinary bills, livestock marketing and breeding, fuel, oil, utilities, automobile expenses, general farm insurance, depreciation, personal property tax and real estate tax.

(c)

25 (e) This section shall be part of and supplemental to article
26 7 of chapter 65 of the Kansas Statutes Annotated, and amend-
27 ments thereto.

28 New Sec. 3. (a) ~~[(c)]~~ The secretary, on a monthly basis, shall
29 compare [the blend price for the previous month to] the producer
30 price to the average price paid to milk producers for blended
31 milk for the previous month. If the average [blend] price on
32 blended milk is greater than the producer price, there is hereby
33 levied an assessment of 5% on the difference between the two prices.
34 The secretary shall collect such assessment from milk producers
35 based on the actual milk production of such milk producers and shall
36 remit such assessment to the state treasurer pursuant to section 1
37 to the credit of the dairy stabilization fund.

(d)

38 ~~[(d)]~~ As used in this section, "blend price" means the average
39 price paid to milk producers for ~~[blended]~~ milk as established by the
40 United States department of agriculture through a federal market
41 order.]

(e)

class I, class II and class III

42 (b) ~~[(c)]~~ This section shall be part of and supplemental to article
43 7 of chapter 65 of the Kansas Statutes Annotated, and amendments

(f)

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1 grain research and market development agency.

2 (f) (1) Through June 30, 1993, notwithstanding any provision
3 of any statute referred to in subsection (a), whenever in any
4 fiscal year such 20% credit to the state general fund in relation
5 to the Kansas sheep commission fund is \$8,000, in that fiscal
6 year the 20% credit no longer shall apply to moneys received
7 from sources applicable to such fund and for the remainder of
8 such year the full 100% so received shall be credited to such
9 fund.

10 (2) On and after July 1, 1993, the provision of subsection
11 (e) shall apply to the Kansas sheep commission fund.

12 New Sec. 5 [4]. The provisions of sections ~~2 and 3~~ shall expire _____ and
13 on July 1, 1995.

14 Sec. 6 [5]. K.S.A. 1991 Supp. 75-3170a is hereby repealed.

15 Sec. 7 [6]. This act shall take effect and be in force from and
16 after its publication in the Kansas register.