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OREGON DEPARTMENT OF AGRICULTURE

SB 195—Milk Marketing and Production Quotas

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Just two years after the State Department of Agriculture (ODA) was created, Oregon's first Milk Control Board was established in 1933. Ten years later, the Milk Control Board's authority was transferred to the Director of ODA, and became the state's very first commodity commission. In 1949, the Milk Marketing Administration was transferred to ODA. In 1965, ODA formed the Milk Audit and Stabilization Unit. Generally, the role of these programs was to provide for a method of production and distribution of milk that would ensure all Oregon dairy farmers receive the fairest and best price for the milk they produced.

In 1961, the Legislature passed the Milk Marketing, Production and Distribution Act. The act empowered ODA to assist Oregon's milk industry in: maintaining an adequate supply of wholesome milk, providing the necessary assistance and authority to maintain a stable milk market, and sustaining the economy of Oregon's dairy industry. The Legislature directed ODA to accomplish these goals by implementing and maintaining an auditing program to review the records of milk handlers as they pertain to the pooling, usage, and payment of milk.

In 1970, the Federal Government adopted an order implementing a milk stabilization program for Oregon, Washington and Idaho to generate price uniformity and to institute equitable production quotas throughout the Pacific Northwest. The federal program utilized the same classes of milk that Oregon had been using in its program; however, it set its own producer prices, independent of Oregon's program. Consequently, a disparity began to arise between state and federally established producer prices, with the federal prices generally being higher. Understandably, most producers began forum shopping for the highest prices. By 1987, less than one third of Oregon's dairy industry participated in the state's milk stabilization program. That year, the Dairy Advisory Committee recommended to ODA's Director that the state's Milk Stabilization Program be abolished.

ODA abolished its Milk Stabilization Program in 1987. However, the statutory provisions relating to the program remained on the books. After conferring with industry partners, ODA has determined that the provisions are obsolete.

SB 195 repeals the law relating to milk marketing, production and distribution law as well as deletes reference to the act in other sections of statute.

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