



**Ninety-Seventh Legislature - First Session - 2001  
Committee Statement  
LB 523**

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**Hearing Date:** February 13, 2001  
**Committee On:** Agriculture

**Introducers:** (Wehrbein, Dierks)  
**Title:** Adopt and ratify the Southern Dairy Compact

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**Roll Call Vote – Final Committee Action:**

- Advanced to General File
- X Advanced to General File with Amendments
- Indefinitely Postponed

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**Vote Results:**

- |   |                     |   |
|---|---------------------|---|
| 7 | Yes                 | Senators Burling, Cunningham, Dierks, McDonald, Schimek, Schrock, Vrtiska |
| 0 | No                  |   |
| 0 | Present, not voting |   |
| 1 | Absent              | Senator Chambers  |
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**Proponents:**

Senator Roger Wehrbein, District #2  
Robert D. Wellington  
Robert Jeary  
Rex DeFrain  
Steve Kyser  
Vern Jantzen  
John M. Schulte

**Representing:**

Introducer  
Agri-Mark Dairy Cooperative  
Nebraska State Grange  
Dairy Farmers of America  
Nebraska Farm Bureau  
Nebraska Farmers Union  
Self

**Opponents:**

Thomas Pittman  
Greg Smith  
Douglas Temme

**Representing:**

Wells Dairy  
Roberts Dairy  
Self

**Neutral:**

**Representing:**

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## Summary of purpose and/or changes:

LB 523 adopts and ratifies the Southern Dairy Compact. The compact is a joint and coordinated mechanism among member states for regulating the price and supply of raw milk purchased and distributed within the compact region. Ratification of the compact would entitle Nebraska to name a delegation to participate equally in the activities of the compact's governing body, the Southern Dairy Compact Commission. The compact would become active only upon Congressional recognition of the compact through federal legislation.

Section 1 of the bill incorporates the text of the Southern Dairy Compact. The provisions of the compact delegate authority to the Compact Commission to establish minimum prices paid to producers for milk utilized as fluid milk. The compact regulatory authority would work in conjunction with federal milk orders currently in existence, but establish and recognize the authority of the Compact Commission to assume pricing and milk market coordination over all classes of milk should the federal milk orders be rescinded. Under the compact, any pricing regulation or order promulgated by the commission must be approved by a referendum among milk producers, by a majority of delegates to the commission, and must be approved by the state delegation of any state where the regulation would apply to be effective in that state. The compact prescribes procedural requirements the Compact Commission shall follow and vests the Commission with enforcement authorities to enforce compliance with Compact regulations.

Section 2 of the bill conforms state law with the Compact adopted under section 1. Subsections 1 – 3 provides for the governor's appointment, and legislative confirmation, of a three member delegation to the Compact Commission. The bill specifies that the delegation shall consist of one consumer representative, one dairy producer, and the President of the Dairy Industry Development Board. Terms of the delegates are set at 4 years, with vacancies and replacements filled by governor's appointment. Delegates are to be paid a per diem of \$50 / day while actually engaged in duties assumed by their appointment. Subsection 6 authorizes the Director of Agriculture to support the delegation through gathering and compiling of information relative to the dairy industry useful to the delegation in considering Commission actions. . Subsection 7 authorizes the Director to adopt rules and regulations as necessary to carry out state obligations under the compact. Subsection 8 makes it unlawful under state law to violate orders promulgated by the Compact and provides for a criminal penalty of \$1000 per violation. Each day of non-compliance is deemed a separate violation.

## Explanation of amendments, if any:

Section 17 of Article VI of the Compact (beginning page 22, line 12) reads:

“Any violation by a handler of the provisions of regulations establishing a compact over-order price or a commission marketing order, or other regulations adopted pursuant to this compact shall . . . (1) constitute a violation of the laws of each of the signatory states [and] (2) constitute grounds for the revocation of license or permit to engage in the milk business under the applicable laws of the participating states”

The committee amendment strikes subsections 7 & 8 of section 2 of the bill intended to conform state law with this article of the compact and inserts new sections to accomplish the same purpose but with more definition and clarity. Specifically, the amendment adds the following new sections.

Section 3: -- Inserts current text of subsection 7 authorizing the Dept. of Agriculture to adopt rules and regs for purposes of the Compact. No change from bill as introduced.

Section 4: More specifically defines the violation of the Southern Compact contained in the original bill to mean a violation of a commission over-order regulation, marketing order or other regulation of the Compact Commission. Provides 1) that persons in violation are subject to civil penalty and court injunction, and 2) the AG or county attorney shall seek such remedy if alleged violation is referred and 3) assigns court of jurisdiction.

Section 5. Authorizes suspension or revocation of permits granted to milk handlers under the Nebraska Manufactured Milk Act or Nebraska Pasteurized Milk Law of persons violating compact regulations, or in lieu of suspension or revocation, imposition of an administrative fine. The amendment defines milk handler by adopting by reference the definition of "milk handler" found in the federal milk order regulations. Enforcement of compact violations applies under the compact to "milk handlers" which is not defined under the compact or in state law.

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**Senator Merton L. Dierks, Chairperson**