

SUBCHAPTER V—DAIRY

§ 7981. Milk price support program**(a) Support activities**

During the period beginning on June 1, 2002, and ending on December 31, 2007, the Secretary of Agriculture shall support the price of milk produced in the 48 contiguous States through the purchase of cheese, butter, and nonfat dry milk produced from the milk.

(b) Rate

During the period specified in subsection (a), the price of milk shall be supported at a rate equal to \$9.90 per hundredweight for milk containing 3.67 percent butterfat.

(c) Purchase prices**(1) Uniform prices**

The support purchase prices under this section for each of the products of milk (butter, cheese, and nonfat dry milk) announced by the Secretary shall be the same for all of that product sold by persons offering to sell the product to the Secretary.

(2) Sufficient prices

The purchase prices shall be sufficient to enable plants of average efficiency to pay producers, on average, a price that is not less than the rate of price support for milk in effect under subsection (b).

(d) Special rule for butter and nonfat dry milk purchase prices**(1) Allocation of purchase prices**

The Secretary may allocate the rate of price support between the purchase prices for nonfat dry milk and butter in a manner that will result in the lowest level of expenditures by the Commodity Credit Corporation or achieve such other objectives as the Secretary considers appropriate. Not later than 10 days after making or changing an allocation, the Secretary shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of the allocation. Section 553 of title 5 shall not apply with respect to the implementation of this section.

(2) Timing of purchase price adjustments

The Secretary may make any such adjustments in the purchase prices for nonfat dry milk and butter the Secretary considers to be necessary not more than twice in each calendar year.

(e) Commodity Credit Corporation

The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

(Pub. L. 107-171, title I, §1501, May 13, 2002, 116 Stat. 205.)

§ 7982. National dairy market loss payments**(a) Definitions**

In this section:

(1) Class I milk

The term “Class I milk” means milk (including milk components) classified as Class I milk under a Federal milk marketing order.

(2) Eligible production

The term “eligible production” means milk produced by a producer in a participating State.

(3) Federal milk marketing order

The term “Federal milk marketing order” means an order issued under section 608c of this title.

(4) Participating State

The term “participating State” means each State.

(5) Producer

The term “producer” means an individual or entity that directly or indirectly (as determined by the Secretary)—

(A) shares in the risk of producing milk; and

(B) makes contributions (including land, labor, management, equipment, or capital) to the dairy farming operation of the individual or entity that are at least commensurate with the share of the individual or entity of the proceeds of the operation.

(b) Payments

The Secretary shall offer to enter into contracts with producers on a dairy farm located in a participating State under which the producers receive payments on eligible production.

(c) Amount

Payments to a producer under this section shall be calculated by multiplying (as determined by the Secretary)—

(1) the payment quantity for the producer during the applicable month established under subsection (d);

(2) the amount equal to—

(A) \$16.94 per hundredweight; less

(B) the Class I milk price per hundredweight in Boston under the applicable Federal milk marketing order; by

(3)(A) during the period beginning on the first day of the month the producers on a dairy farm enter into a contract under this section and ending on September 30, 2005, 45 percent; and

(B) during the period beginning on October 1, 2005, and ending on September 30, 2007, 34 percent.

(d) Payment quantity**(1) In general**

Subject to paragraph (2), the payment quantity for a producer during the applicable month under this section shall be equal to the quantity of eligible production marketed by the producer during the month.

(2) Limitation

The payment quantity for all producers on a single dairy operation during the months of the applicable fiscal year for which the producers receive payments under subsection (b) shall not exceed 2,400,000 pounds. For purposes of determining whether producers are producers on separate dairy operations or a single dairy operation, the Secretary shall apply the same standards as were applied in implement-

ing the dairy program under section 805 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (as enacted into law by Public Law 106-387; 114 Stat. 1549A-50).

(3) Reconstitution

The Secretary shall promulgate regulations to ensure that a producer does not reconstitute a dairy operation for the sole purpose of receiving additional payments under this section.

(e) Payments

A payment under a contract under this section shall be made on a monthly basis not later than 60 days after the last day of the month for which the payment is made.

(f) Signup

The Secretary shall offer to enter into contracts under this section during the period beginning on the date that is 60 days after May 13, 2002, and ending on September 30, 2007.

(g) Duration of contract

(1) In general

Except as provided in paragraph (2), any contract entered into by producers on a dairy farm under this section shall cover eligible production marketed by the producers on the dairy farm during the period starting with the first day of month the producers on the dairy farm enter into the contract and ending on September 30, 2007.

(2) Violations

If a producer violates the contract, the Secretary may—

- (A) terminate the contract and allow the producer to retain any payments received under the contract; or
- (B) allow the contract to remain in effect and require the producer to repay a portion of the payments received under the contract based on the severity of the violation.

(Pub. L. 107-171, title I, §1502, May 13, 2002, 116 Stat. 205; Pub. L. 109-171, title I, §1101, Feb. 8, 2006, 120 Stat. 4; Pub. L. 110-28, title IX, §9006(a), May 25, 2007, 121 Stat. 217.)

REFERENCES IN TEXT

Section 805 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001, referred to in subsec. (d)(2), is section 805 of Pub. L. 106-387, §1(a) [title VIII], Oct. 28, 2000, 114 Stat. 1549, 1549A-50, which is not classified to the Code.

AMENDMENTS

2007—Subsec. (c)(3). Pub. L. 110-28 inserted “and” at end of subpar. (A), substituted “September 30, 2007, 34 percent.” for “August 31, 2007, 34 percent; and” in subpar. (B), and struck out subpar. (C), which read as follows: “during the period beginning on September 1, 2007, 0 percent.”

2006—Subsec. (c)(3). Pub. L. 109-171, §1101(a), added par. (3) and struck out former par. (3) which read as follows: “45 percent.”

Subsec. (f). Pub. L. 109-171, §1101(b), substituted “2007” for “2005”.

Subsec. (g)(1). Pub. L. 109-171, §1101(b), (c)(1), struck out “and subsection (h) of this section” after “paragraph (2)” and substituted “2007” for “2005”.

Subsec. (h). Pub. L. 109-171, §1101(c)(2), struck out subsec. (h), which related to transition rule.

§ 7983. Study of national dairy policy

(a) Study required

The Secretary of Agriculture shall conduct a comprehensive economic evaluation of the potential direct and indirect effects of the various elements of the national dairy policy, including an examination of the effect of the national dairy policy on—

- (1) farm price stability, farm profitability and viability, and local rural economies in the United States;
- (2) child, senior, and low-income nutrition programs, including impacts on schools and institutions participating in the programs, on program recipients, and other factors; and
- (3) the wholesale and retail cost of fluid milk, dairy farms, and milk utilization.

(b) Report

Not later than 1 year after May 13, 2002, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the results of the study required by this section.

(c) National dairy policy defined

In this section, the term “national dairy policy” means the dairy policy of the United States as evidenced by the following policies and programs:

- (1) Federal milk marketing orders issued under section 608c of this title.
- (2) Interstate dairy compacts (including proposed compacts described in H.R. 1827 and S. 1157, as introduced in the 107th Congress).
- (3) Over-order premiums and State pricing programs.
- (4) Direct payments to milk producers.
- (5) Federal milk price support program established under section 7981 of this title.¹
- (6) Export programs regarding milk and dairy products, such as the dairy export incentive program established under section 713a-14 of title 15.¹

(Pub. L. 107-171, title I, §1507, May 13, 2002, 116 Stat. 210.)

REFERENCES IN TEXT

H.R. 1827, referred to in subsec. (c)(2), which would have granted consent to the Northeast Interstate Dairy Compact, the Southern Dairy Compact, the Pacific Northwest Dairy Compact, and the Intermountain Dairy Compact, was not enacted into law during the 107th Congress.

S. 1157, referred to in subsec. (c)(2), which would have granted consent to the Northeast Interstate Dairy Compact, the Southern Dairy Compact, the Pacific Northwest Dairy Compact, and the Intermountain Dairy Compact, was not enacted into law during the 107th Congress.

Section 7981 of this title, referred to in subsec. (c)(5), was in the original “section 1401”, and was translated as reading “section 1501”, meaning section 1501 of Pub. L. 107-171 to reflect the probable intent of Congress, because section 1501 of Pub. L. 107-171 relates to Federal milk price support program. Section 1401 of Pub. L. 107-171 amended sections 7272 and 7283 of this title.

¹ See References in Text note below.