

October 26, 2022

Robert N. Barley, Chairman
James A. Van Blarcom, Member
Kristi Rooker Kassimer, Member
Pennsylvania Milk Marketing Board
Agriculture Building, Room 108
2301 N. Cameron Street
Harrisburg, PA 17110

RE: House Bill 224 and Over-Order Premium

Dear Chairman Barley and Members of the Board:

This letter is in response to the recent calls to move House Bill 224 during the Milk Marketing Board's hearing on the matter, via editorials and through other efforts to influence legislative action.

Pennsylvania's over-order premium, initially ordered to protect and maintain the fluid milk industry due to the effects of a drought, has been in place since 1988. It is our understanding that the Milk Marketing Board now wishes to replace this nearly thirty-five-year-old order with a new, undisclosed order, and believes that requires the passage of House Bill 224.

Although details of such a change have not been identified, conjecture includes, among others, the Board being responsible for distributing funds back to fluid milk producers; distributing fluid premiums to all dairy producers, regardless of class of milk produced; placing a premium on other classes of milk produced, processed and sold in the Commonwealth; and instituting a premium modeled after Maine's system. These options are potentially problematic for a number of reasons including, but not limited to, the unconstitutional delegation of legislative power and the potential violation of the Commerce Clause. It is apparent to us that regardless of the intent of House Bill 224, there seems to be a great deal of confusion among stakeholders regarding the possible impact, as no one seems to be on the same page.

No one disputes that our current over-order premium is very complex and that changing it will produce varying impacts upon those in the dairy industry. We recognize that this industry has diminished, due in part to a decrease in milk consumption, and want to act in the best interest of farmers. It is therefore in the best interest of Pennsylvania's dairy industry, and its consumers, that any changes are carefully crafted through thorough review and consideration.

It is alarming to us that the Board believes the best manner forward is to quickly pass legislation that will provide the Board with the authority to act unilaterally, without any legislative oversight. Moving forward, it is vital that we work together in a transparent manner on this matter and any proposed changes are vetted appropriately in a public forum. Further, we are very concerned that the current over-order premium was only authorized for three months, rather than the generally standard length of six months, in an attempt to force this legislation to be considered.

Let us be clear, we whole-heartedly support Pennsylvania's dairy industry. However, this must be demonstrated in a balanced manner and from an educated perspective; we must be diligent and fair in how we approach such a monumental change for dairy producers.

We implore you to reauthorize the current over-order premium beyond December 31, 2022. It is imperative that this premium be maintained until further examination and consideration may be made or it is anticipated that unintended volatility in the Commonwealth's dairy industry could ensue. We firmly believe that inaction on your part could result in a significant impact on consumers at the grocery store during these inflationary times.

The Senate Agriculture and Rural Affairs Committee, and the General Assembly as a whole, must work collaboratively with the Milk Marketing Board to responsibly consider what actions are necessary to assist an industry of such significance.

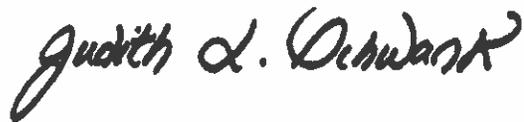
It is our hope that we will begin work early in the new 2023-2024 Legislative Session to examine the over-order premium and, as necessary, draft legislation necessary to effectively address any deficiencies identified in the current system.

We look forward to your response.

Sincerely,



Senator Elder Vogel, Jr.
Majority Chair
Senate Agriculture & Rural Affairs Committee



Senator Judith L. Schwank
Minority Chair
Senate Agriculture & Rural Affairs Committee

cc: The Honorable Russell C. Redding, Secretary, Pennsylvania Department of Agriculture
Richard Ebert, President, Pennsylvania Farm Bureau
The Honorable Dan Moul, Chair, House Agriculture & Rural Affairs Committee
The Honorable Eddie Day Pashinski, Minority Chair, House Agriculture & Rural Affairs Committee
The Honorable John A. Lawrence, House of Representatives
Members, Senate Agriculture & Rural Affairs Committee