

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 389

(Senator Feldman)

Education, Health, and Environmental Affairs

Environment and Transportation

Northeast Interstate Dairy Compact - Repeal

This bill repeals Chapter 226 of 1998. (Chapter 226 enters the State into the Northeast Interstate Dairy Compact and establishes the compact in State law but has never taken effect because the contingency language in the Act has never been met.)

Fiscal Summary

State Effect: None. The bill does not affect State finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background:

Chapter 226 of 1998 Contingency

Chapter 226 of 1998 does not take effect until “(1) a similar act is passed by a state listed in Article VIII, §20 of the Compact [Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia], and contiguous to Maryland to its north; and (2) the U.S. Congress consents to the Compact, and the conditions imposed by that consent have been met.”

If Chapter 226 takes effect, it terminates two years after it takes effect.

Northeast Interstate Dairy Compact

The Northeast Interstate Dairy Compact was adopted in Vermont, Maine, Connecticut, Massachusetts, New Hampshire, and Rhode Island in the early 1990s, contingent on congressional consent. Congress consented to the compact in 1996 for the participation of those six northeast states; additional congressional consent was required for any additional states to participate. The congressional consent, however, expired on September 30, 2001, and the compact never took effect in Maryland.

The purpose of the compact, as stated by the Congressional Research Service (CRS), was “to support the farm price of milk used for fluid consumption at a higher level than under federally mandated minimum prices in the region.” According to CRS, during the compact’s operation in the six northeast states, processors in the region were required to pay dairy farmers at least \$16.94/cwt (a unit of weight equivalent to 100 pounds) for farm milk used for fluid consumption. The compact was replaced with Milk Income Loss Contract (MILC) payments under the 2002 federal farm bill, which mandated direct federal payments to all participating farmers nationwide when the minimum price of fluid farm milk in the Northeast fell below \$16.94/cwt. The Maryland Department of Agriculture (MDA) indicates that subsequent federal efforts then replaced the MILC program.

According to MDA, at the time congressional consent for the compact expired in 2001, there was thought that it might be reauthorized by Congress at some point, but the department indicates that there is little, if any, chance of that happening now.

The January 2018 [report](#) of the Maryland Dairy Industry Oversight and Advisory Council (charged with improving and sustaining the economic viability of Maryland’s dairy industry and reporting annually to the Governor) indicates that the level of milk prices in relation to production costs remains a concern for Maryland dairy farmers. The report contains a number of recommendations for actions to support the dairy industry in Maryland.

Additional Information

Prior Introductions: None.

Cross File: HB 452 (Delegate Carr)(Chair, Joint Committee on Federal Relations) - Environment and Transportation.

Information Source(s): Maryland Department of Agriculture; Congressional Research Service, *Agriculture: A Glossary of Terms, Programs, and Laws, 2005 Edition* (June 2005); Maryland Dairy Industry Oversight and Advisory Council; Department of Legislative Services

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