

112TH CONGRESS  
1ST SESSION

# S. 1714

To extend the milk income loss contract program, to require the Secretary of Agriculture to conduct hearings to assess the implications of transitioning Federal milk marketing orders from end-product pricing to a competitive pay pricing system, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

OCTOBER 17, 2011

Mrs. GILLIBRAND introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

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## A BILL

To extend the milk income loss contract program, to require the Secretary of Agriculture to conduct hearings to assess the implications of transitioning Federal milk marketing orders from end-product pricing to a competitive pay pricing system, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Dairy Producer Income  
5 Protection Act of 2011”.

1 **SEC. 2. MILK INCOME LOSS CONTRACT PROGRAM.**

2 (a) IN GENERAL.—Section 1506 of the Food, Con-  
 3 servation, and Energy Act of 2008 (7 U.S.C. 8773) is  
 4 amended—

5 (1) in subsection (c)(3)—

6 (A) in subparagraph (A), by inserting  
 7 “and” after the semicolon at the end;

8 (B) in subparagraph (B)—

9 (i) by striking “ending August 31,  
 10 2012” and inserting “thereafter”; and

11 (ii) by striking “; and” and inserting  
 12 a period; and

13 (C) by striking subparagraph (C);

14 (2) in subsection (d)—

15 (A) in the subsection heading, by striking  
 16 “FOR FEED PRICES”; and

17 (B) by adding at the end the following:

18 “(4) PAYMENT RATE ADJUSTMENTS.—

19 “(A) IN GENERAL.—Subject to paragraphs  
 20 (1) through (3), for each of fiscal years 2012  
 21 through 2015, the amount specified in sub-  
 22 section (c)(2)(A) used to determine the pay-  
 23 ment rate for the fiscal year shall be the pay-  
 24 ment rate for the preceding fiscal year, as ad-  
 25 justed to reflect changes for the 12-month pe-  
 26 riod ending the preceding November 30 in the

1 Consumer Price Index for All Urban Con-  
2 sumers published by the Bureau of Labor Sta-  
3 tistics of the Department of Labor.

4 “(B) TERMINATION OF AUTHORITY.—Ef-  
5 fective beginning in fiscal year 2016, the au-  
6 thority for the adjustment described in subpara-  
7 graph (A) shall terminate.”;

8 (3) in subsection (e)(2)(A)—

9 (A) in clause (i), by inserting “and” after  
10 the semicolon at the end;

11 (B) in clause (ii)—

12 (i) by striking “for the period” and all  
13 that follows through “2012” and inserting  
14 “effective beginning October 1, 2008”; and

15 (ii) by striking “; and” and inserting  
16 a period; and

17 (C) by striking clause (iii); and

18 (4) in subsections (g) and (h)(1), by striking  
19 “September 30, 2012” each place it appears and in-  
20 serting “September 30, 2017”.

21 (b) OFFSETS.—

22 (1) REPEAL OF PERMANENT PRICE SUPPORT  
23 AUTHORITY FOR MILK.—

1 (A) IN GENERAL.—Section 201 of the Ag-  
2 ricultural Act of 1949 (7 U.S.C. 1446) is  
3 amended—

4 (i) in subsection (a), by striking  
5 “milk,”; and

6 (ii) by striking subsections (c) and  
7 (d).

8 (B) CONFORMING AMENDMENT.—Section  
9 301 of the Agricultural Act of 1949 (7 U.S.C.  
10 1447) is amended by inserting “(other than  
11 milk)” after “agricultural commodity”.

12 (2) REPEAL OF DAIRY PRODUCT PRICE SUP-  
13 PORT PROGRAM.—Section 1501 of the Food, Con-  
14 servation, and Energy Act of 2008 (7 U.S.C. 8771)  
15 is repealed.

16 (3) REPEAL OF DAIRY EXPORT INCENTIVE PRO-  
17 GRAM.—

18 (A) IN GENERAL.—Section 153 of the  
19 Food Security Act of 1985 (15 U.S.C. 713a-  
20 14) is repealed.

21 (B) CONFORMING AMENDMENTS.—Section  
22 902(2) of the Trade Sanctions Reform and Ex-  
23 port Enhancement Act of 2000 (22 U.S.C.  
24 7201(2)) is amended—

25 (i) by striking subparagraph (D); and

1                   (ii) by redesignating subparagraphs  
2                   (E) and (F) as subparagraphs (D) and  
3                   (E), respectively.

4 **SEC. 3. FEDERAL MILK MARKETING REFORM.**

5           (a) **IN GENERAL.**—Not later than 180 days after the  
6 date of enactment of this Act, the Secretary of Agriculture  
7 shall conduct hearings to assess the implications of  
8 transitioning Federal milk marketing orders from end-  
9 product pricing to a competitive pay pricing system.

10          (b) **REQUIREMENTS.**—In conducting hearings under  
11 this section, the Secretary shall—

12                   (1) ensure that market administrators conduct  
13 a thorough analysis of the reforms to the Federal  
14 milk marketing orders proposed by the Maine Dairy  
15 Industry Advisory Council and the reforms included  
16 in title II of the Dairy Security Act of 2011;

17                   (2) analyze the implications of transitioning  
18 from a 4-class system for milk products to a 2-class  
19 system;

20                   (3) explore methods to improve signals for price  
21 discovery in the short- and long-term to allow dairy  
22 producers to better use risk management tools;

23                   (4) assess whether a 2-class competitive pay  
24 pricing system for milk products would be more or

1 less transparent than the system in effect as of the  
2 day before the date of enactment of this Act; and

3 (5) analyze the impact of eliminating a min-  
4 imum regulated price on price volatility in dairy  
5 markets.

6 **SEC. 4. BUDGETARY EFFECTS.**

7 The budgetary effects of this Act, for the purpose of  
8 complying with the Statutory Pay-As-You-Go Act of 2010,  
9 shall be determined by reference to the latest statement  
10 titled “Budgetary Effects of PAYGO Legislation” for this  
11 Act, submitted for printing in the Congressional Record  
12 by the Chairman of the Senate Budget Committee, pro-  
13 vided that such statement has been submitted prior to the  
14 vote on passage.

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