



HOUSE BILL 1070: Emergency Grants for Certain Milk Producers.

**This Bill Analysis
reflects the contents
of the bill as it was
presented in
committee.**

2019-2020 General Assembly

Committee:	House Agriculture. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	June 15, 2020
Introduced by:	Reps. McNeely, Hurley, Fraley	Prepared by:	Chris Saunders
Analysis of:	PCS to First Edition H1070-CSTQa-43		Committee Co-Counsel

OVERVIEW: *The Proposed Committee Substitute (PCS) for House Bill 1070 would provide \$24,000,000 in nonrecurring funds from the Coronavirus Relief Reserve to the Department of Agriculture and Consumer Services for providing grants to compensate eligible dairy producers for losses incurred as a result of the collapse in dairy prices due to the COVID-19 pandemic, or to improve the resiliency and adaptability of the dairy supply chain to future pandemics.*

[As introduced, this bill was identical to S713, as introduced by Sen. Sawyer, which is currently in Senate Rules and Operations of the Senate.]

BACKGROUND AND BILL ANALYSIS:

S.L. 2020-4 established the Coronavirus Relief Reserve in the General Fund to maintain federal funds received from the Coronavirus Relief Fund created under the federal CARES Act, P.L. 116-136, to mitigate the impact of the COVID-19 outbreak in North Carolina. S.L. 2020-4 also established the Coronavirus Relief Fund to provide necessary and appropriate relief and assistance from the effects of COVID-19.

Section 1 of the PCS contains findings that the COVID-19 emergency has resulted in serious and substantial impacts on the food supply chain, including the State's dairy industry, and that financial assistance to these producers is necessary in order to reduce disruptions in the supply chain for fresh dairy products and to help dairy producers in the State stay in business.

Section 2 would appropriate \$4,104,000 in nonrecurring funds from the Coronavirus Relief Reserve, through the Coronavirus Relief Fund, to the Department of Agriculture and Consumer Services (DACS). These funds will remain available to expend until December 30, 2020. Funds not expended on that date would revert at the end of the 2020-2021 fiscal year.

Section 3 would allocate the funds appropriated by Section 2 to the North Carolina Dairy Stabilization and Growth Fund to provide grants to compensate eligible dairy producers for losses incurred as a result of the collapse in dairy prices due to the COVID-19 pandemic, or to improve the resiliency and adaptability of the dairy supply chain to future pandemics. DACS would be required to develop policies and procedures for the disbursement of grants, including at least the following:

- The Department would be required to make a monthly grant payment from the Dairy Stabilization and Growth Fund to each eligible dairy producer for any month in which the baseline price exceeds the announced price. The amount of the payment would be the difference between the baseline price and the announced price, times the hundredweight of milk produced by the producer for each

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month beginning with April 2020 and continuing until the earlier of the month in which the funds appropriated by this act have been expended or December 30, 2020. The PCS would establish the announced price as the monthly Class I Milk Price for the Appalachian Milk Marketing Order area reported by the Agricultural Marketing Service (AMS) of the United States Department of Agriculture (USDA). The baseline price would be \$20.38, the average monthly Class I Milk Price for the Appalachian Milk Marketing Order area for 2019 reported by the AMS of the USDA.

- The maximum grant amount provided to any producer in any month would be \$25,000.
- If the funds are insufficient to make a full payment to each producer in any month, DACS may either award a partial grant to each eligible producer calculated based on the ratio of available funds to needed funds or may supplement the appropriated funds with other funds available to DACS in order to award the full grant amount or a uniformly increased grant to each eligible producer.
- DACS may use up to one percent (1%) of the funds for administrative expenses related to administration of the grants.

Section 4 would provide that the general requirements for funds appropriated in the 2020 COVID-19 Recovery Act would apply to the dairy grant program. The Office of State Management and Budget would be required to report the funds transferred and appropriated by the PCS in their required report on the use of funds, which is due to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by March 1, 2021. DACS would also be required to report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division by October 1, 2020, on its distribution of the funds appropriated by this act, and by February 1, 2021, on the use of funds by grant recipients.

EFFECTIVE DATE: This act would be effective when it becomes law.