



HOUSE BILL 377: Grade "A" Dairy Assessment Act.

2023-2024 General Assembly

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| Committee: | House Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House | Date: | April 25, 2023 |
| Introduced by: | Reps. McNeely, Saine, N. Jackson, Biggs | Prepared by: | Trina Griffin |
| Analysis of: | Second Edition | | Staff Attorney |

OVERVIEW: *House Bill 377 would authorize the North Carolina Dairy Producers Association (Association) to conduct a referendum among dairy producers on the question of levying an assessment not to exceed five cents per hundredweight of milk. If more than half the votes cast in the assessment are in favor, the assessment would be collected by milk handlers or dairy cooperatives, or would be paid directly by dairy producers who do not use the services of a milk handler or dairy cooperative. The funds collected would be used to promote the interests of the dairy industry via research and marketing related to dairy products and the dairy industry. A dairy producer would be able to request a refund of the assessment.*

BILL ANALYSIS:

Section 1 of the bill would authorize the North Carolina Dairy Producers Association to conduct a referendum among dairy producers on the question of whether to levy an assessment to promote the interests of the dairy industry via research and marketing related to dairy products and the dairy industry. The Association would determine the amount of the assessment, the time and place of the referendum, procedures for conducting the referendum, and any other related matters, but by statute the amount of the assessment could not exceed five cents per hundredweight of milk.

If approved by more than half the votes cast in the referendum, the Association would notify the Department of Agriculture and Consumer Services (Department) of the amount of the assessment and the effective date of the assessment. The assessment would be collected by milk handlers or dairy cooperatives, or would be paid directly by dairy producers who do not use the services of a milk handler or dairy cooperative. The Department would receive the funds and remit them to the Association at least quarterly.

The Association would have the authority to inspect the books of any dairy producer to ensure compliance with the assessment and may bring an action to collect unpaid assessments, penalties, and reasonable costs of the assessment.

A dairy producer would be able to request a refund of the assessment by requesting a refund form in writing from the Association and submitting the form, with proof of payment, between December 15 and December 31 of a calendar year. The Association would determine the contents of the refund form. The Association would have 120 days from receipt of a properly completed and documented refund form to mail a refund to the dairy producer.

The Association would be required to hold a referendum on termination of the assessment if at least 50% of the dairy producers in this State known to the Association submit a petition to the Department requesting the referendum. The referendum must be conducted within six months of the submission of the petition and must be conducted in the same manner as the initial referendum. If the referendum to

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terminate the assessment is approved or is not held within the six month period, the assessment would expire at the end of the six-month period. If the referendum to terminate the assessment fails, no subsequent referendum may be held for at least three years.

Section 2 of the bill would make conforming changes to statutes governing milk product assessments conducted under the authority of the Board of Agriculture.

EFFECTIVE DATE: This act is effective when it becomes law.

Chris Saunders, counsel to House Agriculture, substantially contributed to this summary.