



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

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

2023-2024 General Assembly

<b>Committee:</b>	House Agriculture. If favorable, re-refer to Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House	<b>Date:</b>	March 29, 2023
<b>Introduced by:</b>	Reps. McNeely, Saine, N. Jackson, Biggs	<b>Prepared by:</b>	Chris Saunders
<b>Analysis of:</b>	PCS to First Edition H377-CSTQx-7		Committee Counsel

**OVERVIEW:** *The Proposed Committee Substitute (PCS) to 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. 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. 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 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 PCS makes the following changes from the First Edition:*

- *Amends the definition of "dairy producer" to require that the person have a Grade "A" milk permit from the Department of Agriculture and Consumer Services.*
- *Amends the process for refund of the assessment.*

## BILL ANALYSIS:

**Section 1** of the PCS 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.

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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 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 PCS would make conforming changes to statues governing milk product assessments conducted under the authority of the Board of Agriculture.

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