



**House
Legislative
Analysis
Section**

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UPDATE FLUID MILK ACT

House Bill 5209 as introduced
First Analysis (10-19-95)

Sponsor: Rep. John Gernaat
Committee: Agriculture and Forestry

THE APPARENT PROBLEM:

Michigan's dairy industry participates in the interstate shipment of milk and milk products. The Fluid Milk Act reflects the U.S. Public Health Service's pasteurized milk ordinance, which provides uniform standards for the handling of milk. Periodically, the ordinance is updated to correspond with changes in the dairy industry. In response, Michigan updates its Fluid Milk Act to keep the state in compliance with federal requirements and to ensure that Michigan milk and milk products can be shipped to other states. Changes and additions to the 1993 ordinance recently were recommended for approval by the 1995 National Conference on Interstate Shipments, including changes governing condensed and dry milk and their by-products. Legislation has been proposed to update the act to correspond to federal requirements, to make the act conform to current procedures followed by the Department of Agriculture with regard to licensure, and to make other changes suggested by the department.

THE CONTENT OF THE BILL:

The bill would amend the Fluid Milk Act to update its provisions to conform with the most recently approved federal standards for pasteurized milk. In addition, the act currently includes various provisions regarding the licensing of milk producers, milk haulers, and so forth, including the process of applying for a license, paying fees, and annual license renewal. The bill would clarify or add to these provisions as follows:

* A person could not produce, transport, process, label, or sell grade A milk or milk products unless he or she were licensed under the act.

* The anniversary date of a license for a milk plant that provided a current certified audited financial statement in order to comply with producer security requirements--currently, 130 days after the licensee's fiscal year ends--would be determined by records of the Department of Agriculture.

* The agriculture department could issue a renewal license for a milk plant that was providing a current certified financial statement pending the department's audit of the statement, except that if the department determined from the audit that the statement did not meet producer security requirements, it could summarily revoke the license without refunding the license fee.

Currently, the act imposes a \$300 fine on licensees who sell or offer for sale milk that has tested positive for certain drug residues, but provides that if a milk producer has participated in the milk and dairy beef quality assurance program within 12 months immediately prior to when a violation occurred, the fine is reduced by \$200. Under the bill, a person would qualify for the reduced fine if "voluntary" participation had occurred within 36 months prior to when the violation occurred.

Finally, the bill would repeal a section of the act that regulates the sizes and marking required on containers of milk and milk products packaged for retail sale.

MCL 288.21 et al.

FISCAL IMPLICATIONS:

The House Fiscal Agency says the bill would not affect state or local budget expenditures. (10-10-95)

ARGUMENTS:

For:

The 1993 Pasteurized Milk Ordinance and 1995 recommendations for condensed and dry milk are updates to the 1989 ordinance and recommendations, which was incorporated into the Fluid Milk Act by Public Act 5 of 1993. Currently, all 50 states regulate grade A milk under the model ordinance, which allows for reciprocity among all the states. Thus, the Michigan dairy industry is able

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to sell milk and milk products in the participating states. The bill would update Michigan's grade A milk standards to bring them in line with federal regulations and those of other states that participate in the interstate milk shipment program.

For:

The bill would update and clarify the act's provisions governing the licensing of milk producers, milk haulers, and so forth, including the process of applying for a license and license renewal, paying fees, being subject to a financial audit, and specifying when a person's license would expire. These provisions were requested by the Department of Agriculture to bring the act into conformity with procedures it currently follows in regulating licensees under the act. In addition, the bill would make it easier for milk producers who sold or offered to sell milk that had tested positive for drug residues (from substances intended to increase milk production) to qualify for a fine reduction by expanding the period prior to the violation for having voluntarily participated in the milk and dairy beef quality assurance program--from 12 months to 36 months. The department feels this change would encourage greater participation in the program.

POSITIONS:

The Department of Agriculture supports the bill. (10-18-95)

The Michigan Farm Bureau supports the bill. (10-18-95)

The Michigan Milk Producers Association supports the bill. (10-18-95)