

[Passed Both Houses]

SENATE, No. 2335

STATE OF NEW JERSEY

INTRODUCED DECEMBER 1, 1997

By Senators LITTELL, SINGER, Bark, Inverso, Schluter,  
Caffero, Kyrillos, LaRossa, Zane, Assemblyman Gregg,  
Assemblywoman Myers, Assemblymen Garrett and DeCroce

1 AN ACT concerning dairy farming, and enacting and entering this State  
2 into the Northeast Interstate Dairy Compact.

3

4 BE IT ENACTED by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. This act shall be known and may be cited as "The Northeast  
8 Interstate Dairy Compact Act."

9

10 2. The State of New Jersey enacts and enters into the Northeast  
11 Interstate Dairy Compact with all jurisdictions legally joining therein,  
12 which compact is substantially as follows:

13

14 ARTICLE I. STATEMENT OF PURPOSE, FINDINGS, AND  
15 DECLARATION OF POLICY

16

17 1. The purpose of this compact is to recognize by constitutional  
18 prerequisite the interstate character of the northeast dairy industry and  
19 to form an interstate commission for the northeast region. The  
20 mission of the commission is to take such steps as are necessary to  
21 assure the continued viability of dairy farming in the northeast, and to  
22 assure consumers of an adequate, local supply of pure and wholesome  
23 milk.

24 The participating states find and declare that the dairy industry is  
25 the paramount agricultural activity of the northeast. Dairy farms, and  
26 associated suppliers, marketers, processors and retailers, are an  
27 integral component of the region's economy and their ability to provide  
28 a stable, local supply of pure, wholesome milk is a matter of great  
29 importance to the health and welfare of the region.

30 The participating states further find that dairy farms are essential to  
31 the region's rural communities and character. The farms preserve open  
32 spaces, sculpt the landscape and provide the land base for a diversity

1 of recreational pursuits. In defining the rural character of our  
2 communities and landscape, dairy farms also provide a major draw for  
3 our tourist industries.

4 By entering into this compact, the participating states affirm that  
5 their ability to regulate the price which northeast dairy farmers receive  
6 for their product is essential to the public interest. Assurance of a fair  
7 and equitable price for dairy farmers ensures their ability to provide  
8 milk to the market and the vitality of the northeast dairy industry, with  
9 all the associated benefits.

10 Recent, dramatic price fluctuations, with a pronounced downward  
11 trend, threaten the viability and stability of the northeast dairy region.  
12 Historically, individual state regulatory action has been an effective  
13 emergency remedy available to farmers confronting a distressed  
14 market. The federal order system, implemented by the Agricultural  
15 Marketing Agreement Act of 1937, establishes only minimum prices  
16 for dairy products, without preempting the power of states to regulate  
17 milk prices above the minimum levels so established. Based on this  
18 authority, each state in the region has individually attempted to  
19 implement at least one regulatory program in response to the current  
20 dairy industry crisis.

21 In today's regional dairy marketplace, cooperative, rather than  
22 individual state action may address more effectively the market  
23 disarray. Under our constitutional system, properly authorized, states  
24 acting cooperatively may exercise more power to regulate interstate  
25 commerce than they may assert individually without such authority.  
26 For this reason, the participating states invoke their authority to act in  
27 common agreement, with the consent of Congress, under the compact  
28 clause of the Constitution.

29 In establishing their constitutional regulatory authority over the  
30 region's fluid milk market by this compact, the participating states  
31 declare their purpose that this compact neither displace the federal  
32 order system nor encourage the merging of federal orders. Specific  
33 provisions of the compact itself set forth this basic principle.

34 Designed as a flexible mechanism able to adjust to changes in a  
35 regulated marketplace, the compact also contains a contingency  
36 provision should the federal order system be discontinued. In that  
37 event, the interstate commission is authorized to regulate the  
38 marketplace in replacement of the order system. This contingent  
39 authority does not anticipate such a change, however, and should not  
40 be so construed. It is only provided should developments in the  
41 market other than establishment of this compact result in  
42 discontinuance of the order system.

43

#### 44 ARTICLE II. DEFINITIONS AND RULES OF CONSTRUCTION

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46 2. As used in this compact:

1 "Class I milk" means milk disposed of in fluid form or as a fluid  
2 milk product, subject to further definition in accordance with the  
3 principles expressed in subsection b. of section 3 of this compact.

4 "Commission" means the commission established by this compact.

5 "Commission marketing order" means regulations adopted by the  
6 commission pursuant to sections 9 and 10 of this compact in place of  
7 a terminated federal marketing order or state dairy regulation. Such  
8 order may apply throughout the region or in any part or parts thereof  
9 as defined in the regulations of the commission. Such order may  
10 establish minimum prices for any or all classes of milk.

11 "Compact" means this interstate compact.

12 "Compact over-order price" means a minimum price required to be  
13 paid to producers for Class I milk established by the commission in  
14 regulations adopted pursuant to sections 9 and 10 of this compact,  
15 which is above the price established in federal marketing orders or by  
16 state farm price regulation in the regulated area. Such price may apply  
17 throughout the region or in any part or parts thereof as defined in the  
18 regulations of the commission.

19 "Milk" means the lacteal secretion of cows and includes all skim,  
20 butterfat, or other constituents obtained from separation or any other  
21 process. The term is used in its broadest sense and may be further  
22 defined by the commission for regulatory purposes.

23 "Partially regulated plant" means a milk plant not located in a  
24 regulated area but having Class I distribution within such area, or  
25 receipts from producers located in such area. Commission regulations  
26 may exempt plants having such distribution or receipts in amounts less  
27 than the limits defined therein.

28 "Participating state" means a state which has become a party to this  
29 compact by the enactment of concurring legislation.

30 "Pool plant" means any milk plant located in a regulated area.

31 "Region" means the territorial limits of the states which are or  
32 become parties to this compact.

33 "Regulated area" means any area within the region governed by  
34 and defined in regulations establishing a compact over-order price or  
35 commission marketing order.

36 "State dairy regulation" means any state regulation of dairy prices  
37 and associated assessments, whether by statute, marketing order or  
38 otherwise.

39 3. a. This compact shall not be construed to displace existing  
40 federal milk marketing orders nor state dairy regulation in the region  
41 but to supplement them. In the event some or all federal orders in the  
42 region are discontinued, the compact shall be construed to provide the  
43 commission the option to replace them with one or more commission  
44 marketing orders pursuant to this compact.

45 b. This compact shall be construed liberally in order to achieve the  
46 purposes and intent enunciated in section 1 of this compact. It is the

1 intent of this compact to establish a basic structure by which the  
2 commission may achieve those purposes through the application,  
3 adaptation and development of the regulatory techniques historically  
4 associated with milk marketing and to afford the commission broad  
5 flexibility to devise regulatory mechanisms to achieve the purposes of  
6 this compact. In accordance with this intent, the technical terms which  
7 are associated with market order regulation and which have acquired  
8 commonly understood general meanings are not defined herein, but the  
9 commission may further define the terms used in this compact and  
10 develop additional concepts and define additional terms as it may find  
11 appropriate to achieve its purposes.

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13

### ARTICLE III. COMMISSION ESTABLISHED

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15 4. There is hereby created a commission to administer the compact,  
16 composed of delegations from each state in the region. A delegation  
17 shall include not less than three nor more than five persons. Each  
18 delegation shall include at least one dairy farmer who is engaged in the  
19 production of milk at the time of appointment or reappointment, and  
20 one consumer representative. Delegation members shall be residents  
21 and voters of, and subject to such confirmation process as is provided  
22 for in, the appointing state. Delegation members shall serve no more  
23 than three consecutive terms with no single term of more than four  
24 years, and be subject to removal for cause. In all other respects,  
25 delegation members shall serve in accordance with the laws of the  
26 state represented. The compensation, if any, of the members of a state  
27 delegation shall be determined and paid by each state, but their  
28 expenses shall be paid by the commission. Each state delegation shall  
29 be entitled to one vote in the conduct of the affairs of the commission.

30 5. All actions taken by the commission, except for the  
31 establishment or termination of an over-order price or commission  
32 marketing order, and the adoption, amendment or rescission of  
33 by-laws of the commission, shall be by majority vote of the delegations  
34 present. Establishment or termination of an over-order price or  
35 commission marketing order shall require at least a two-thirds vote of  
36 the delegations present. The establishment of a regulated area which  
37 covers all or part of a participating state shall require also the  
38 affirmative vote of the delegation of that state. A majority of the  
39 delegations from the participating states shall constitute a quorum for  
40 the conduct of the business of the commission.

41 6. a. The commission shall elect annually from among the members  
42 of the participating state delegations a chairperson, a vice-chairperson,  
43 and a treasurer. The commission shall appoint an executive director  
44 and fix his duties and compensation. The executive director shall  
45 serve at the pleasure of the commission, and, together with the  
46 treasurer, shall be bonded in an amount determined by the commission.

1 The commission may establish through its by-laws an executive  
2 committee composed of one member elected by each delegation.

3 b. The commission shall adopt by-laws for the conduct of its  
4 business by a two-thirds vote, and shall have the power by the same  
5 vote to amend and rescind these by-laws. The commission shall  
6 publish its by-laws in convenient form with the appropriate agency or  
7 officer in each of the participating states. The by-laws shall provide  
8 for appropriate notice to the delegations of all commission meetings  
9 and hearings and of the business to be transacted at such meetings or  
10 hearings. Notice also shall be given to other agencies or officers of  
11 participating states as provided by the laws of those states.

12 c. The commission shall file an annual report with the Secretary of  
13 Agriculture of the United States, and with each of the participating  
14 states by submitting copies to the Governor, both Houses of the  
15 Legislature, and the head of the state department having  
16 responsibilities for agriculture.

17 d. In addition to the powers and duties prescribed elsewhere in  
18 this compact, the commission shall have the power:

19 (1) To sue and be sued in any state or federal court;

20 (2) To have a seal and alter the same at pleasure;

21 (3) To acquire, hold, and dispose of real and personal property by  
22 gift, purchase, lease, license, or other similar manner, for its corporate  
23 purposes;

24 (4) To borrow money and to issue notes, to provide for the rights  
25 of the holders thereof and to pledge the revenue of the commission as  
26 security therefor, subject to the provisions of section 18 of this  
27 compact;

28 (5) To appoint such officers, agents, and employees as it may deem  
29 necessary, prescribe their powers, duties, and qualifications; and

30 (6) To create and abolish such offices, employments, and positions  
31 as it deems necessary for the purposes of the compact and provide for  
32 the removal, term, tenure, compensation, fringe benefits, pension, and  
33 retirement rights of its officers and employees. The commission may  
34 also retain personal services on a contract basis.

35 7. In addition to the power to promulgate a compact over-order  
36 price or commission marketing orders as provided by this compact, the  
37 commission is further empowered to make and enforce such additional  
38 rules and regulations as it deems necessary to implement any  
39 provisions of this compact, or to effectuate in any other respect the  
40 purposes of this compact.

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#### 42 ARTICLE IV. POWERS OF THE COMMISSION

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44 8. The commission is hereby empowered to:

45 a. Investigate or provide for investigations or research projects  
46 designed to review the existing laws and regulations of the

- 1 participating states, to consider their administration and costs, to  
2 measure their impact on the production and marketing of milk and  
3 their effects on the shipment of milk and milk products within the  
4 region;
- 5 b. Prepare and transmit to the participating states model dairy laws  
6 and regulations dealing with the inspection of farms and plants,  
7 sanitary codes, labels for dairy products and their imitations, standards  
8 for dairy products, license standards, producer security programs, and  
9 fair trade laws;
- 10 c. Study and recommend to the participating states joint or  
11 cooperative programs for the administration of the dairy laws and  
12 regulations and to prepare estimates of cost savings and benefits of  
13 such programs;
- 14 d. Encourage the harmonious relationships between the various  
15 elements in the industry for the solution of their material problems and  
16 conduct symposiums or conferences designed to improve industry  
17 relations, or a better understanding of problems;
- 18 e. Prepare and release periodic reports on activities and results of  
19 the commission`s efforts to the participating states;
- 20 f. Review the existing marketing system for milk and milk products  
21 and recommend changes in the existing structure for assembly and  
22 distribution of milk which may assist, improve, or promote more  
23 efficient assembly and distribution of milk;
- 24 g. Investigate costs and charges for producing, hauling, handling,  
25 processing, distributing, selling and for all other services performed  
26 with respect to milk; and
- 27 h. Examine current economic forces affecting producers, probable  
28 trends in production and consumption, the level of dairy farm prices  
29 in relation to costs, the financial conditions of dairy farmers, and the  
30 need for an emergency order to relieve critical conditions on dairy  
31 farms.
- 32 9. a. The powers granted in this section and section 10 of this  
33 compact, shall apply only to the establishment of a compact  
34 over-order price, so long as federal milk marketing orders remain in  
35 effect in the region. In the event that any or all such orders are  
36 terminated, this article shall authorize the commission to establish one  
37 or more commission marketing orders, as herein provided, in the  
38 region or parts thereof as defined in the order.
- 39 b. A compact over-order price established pursuant to this section  
40 shall apply only to Class I milk. Such over-order price shall not  
41 exceed \$1.50 per gallon. Beginning in 1990, and using that year as a  
42 base, the foregoing \$1.50 per gallon maximum shall be adjusted  
43 annually by the rate of change in the consumer price index as reported  
44 by the Bureau of Labor Statistics of the United States Department of  
45 Labor. For purposes of the pooling and equalization of an over-order  
46 price, the value of milk used in other use classifications shall be

1 calculated at the appropriate class price established pursuant to the  
2 applicable federal order or state dairy regulation and the value of  
3 unregulated milk shall be calculated in relation to the nearest  
4 prevailing class price in accordance with and subject to such  
5 adjustments as the commission may prescribe in regulations.

6 c. A commission marketing order shall apply to all classes and  
7 uses of milk.

8 d. The commission is hereby empowered to establish the minimum  
9 price for milk to be paid by pool plants, partially regulated plants and  
10 all other handlers receiving milk from producers located in a regulated  
11 area. This price shall be established either as a compact over-order  
12 price or by one or more commission marketing orders. Whenever such  
13 a price has been established by either type of regulation, the legal  
14 obligation to pay such price shall be determined solely by the terms  
15 and purpose of the regulation without regard to the situs of the  
16 transfer of title, possession or any other factors not related to the  
17 purposes of the regulation and this compact. Producer-handlers as  
18 defined in an applicable federal market order shall not be subject to a  
19 compact over-order price. The commission shall provide for similar  
20 treatment of producer-handlers under commission marketing orders.

21 e. In determining the price, the commission shall consider the  
22 balance between production and consumption of milk and milk  
23 products in the regulated area, the costs of production including, but  
24 not limited to the price of feed, the cost of labor including the  
25 reasonable value of the producer's own labor and management,  
26 machinery expense, and interest expense, the prevailing price for milk  
27 outside the regulated area, the purchasing power of the public and the  
28 price necessary to yield a reasonable return to the producer and  
29 distributor.

30 f. When establishing a compact over-order price, the commission  
31 shall take such action as necessary and feasible to ensure that the  
32 over-order price does not create an incentive for producers to generate  
33 additional supplies of milk.

34 g. The commission shall whenever possible enter into agreements  
35 with state or federal agencies for exchange of information or services  
36 for the purpose of reducing regulatory burden and cost of  
37 administering the compact. The commission may reimburse other  
38 agencies for the reasonable cost of providing these services.

39 10. Regulations establishing a compact over-order price or a  
40 commission marketing order may contain, but shall not be limited to,  
41 any of the following:

42 a. Provisions classifying milk in accordance with the form in which  
43 or purpose for which it is used, or creating a flat pricing program;

44 b. With respect to a commission marketing order only, provisions  
45 establishing or providing a method for establishing separate minimum  
46 prices for each use classification prescribed by the commission, or a

- 1 single minimum price for milk purchased from producers or  
2 associations of producers;
- 3 c. With respect to an over-order minimum price, provisions  
4 establishing or providing a method for establishing such minimum  
5 price for class I milk;
- 6 d. Provisions for establishing either an over-order price or a  
7 commission marketing order may make use of any reasonable method  
8 for establishing such price or prices including flat pricing and formula  
9 pricing. Provision may also be made for location adjustments, for  
10 zone differentials and for competitive credits with respect to regulated  
11 handlers who market outside the regulated area;
- 12 e. Provisions for the payment to all producers and associations of  
13 producers delivering milk to all handlers of uniform prices for all milk  
14 so delivered, irrespective of the uses made of such milk by the  
15 individual handler to whom it is delivered, or for the payment of  
16 producers delivering milk to the same handler of uniform prices for all  
17 milk delivered by them;
- 18 (1) With respect to regulations establishing a compact over-order  
19 price, the commission may establish one equalization pool within the  
20 regulated area for the sole purpose of equalizing returns to producers  
21 throughout the regulated area; and
- 22 (2) With respect to any commission marketing order, as defined  
23 in section 2 of this compact, which replaces one or more terminated  
24 federal orders or state dairy regulation, the marketing area of now  
25 separate state or federal orders shall not be merged without the  
26 affirmative consent of each state, voting through its delegation, which  
27 is partly or wholly included within any such new marketing area.
- 28 f. Provisions requiring persons who bring Class I milk into the  
29 regulated area to make compensatory payments with respect to all  
30 such milk to the extent necessary to equalize the cost of milk  
31 purchased by handlers subject to a compact over-order price or  
32 commission marketing order. No such provisions shall discriminate  
33 against milk producers outside the regulated area. The provisions for  
34 compensatory payments may require payment of the difference  
35 between the Class I price required to be paid for such milk in the state  
36 of production by a federal milk marketing order or state dairy  
37 regulation and the Class I price established by the compact over-order  
38 price or commission marketing order;
- 39 g. Provisions specially governing the pricing and pooling of milk  
40 handled by partially regulated plants;
- 41 h. Provisions requiring that the account of any person regulated  
42 under a compact over-order price shall be adjusted for any payments  
43 made to or received by such persons with respect to a producer  
44 settlement fund of any federal or state milk marketing order or other  
45 state producer price regulation within the regulated area;
- 46 i. Provisions requiring the payment by handlers of an assessment

1 to cover the costs of the administration and enforcement of such order  
2 pursuant to subsection a. of section 18 of this compact;

3 j. Provisions for reimbursement to participants of the women,  
4 infants and children special supplemental food program of the United  
5 States Child Nutrition Act of 1966; and

6 k. Other provisions and requirements as the commission may find  
7 are necessary or appropriate to effectuate the purposes of this compact  
8 and to provide for the payment of fair and equitable minimum prices  
9 to producers.

10

#### 11 ARTICLE V. RULEMAKING PROCEDURE

12

13 11. Before promulgation of any regulations establishing a compact  
14 over-order price or commission marketing order, including any  
15 provision with respect to milk supply under subsection f. of section 9  
16 of this compact, or amendment thereof, as provided in Article IV of  
17 this compact, the commission shall conduct an informal rulemaking  
18 proceeding to provide interested persons with an opportunity to  
19 present data and views. Such rulemaking proceeding shall be  
20 governed by section 4 of the federal Administrative Procedure Act, as  
21 amended (5 U.S.C. s.553). In addition, the commission shall, to the  
22 extent practicable, publish notice of rulemaking proceedings in the  
23 official register of each affected state. Before the initial adoption of  
24 regulations establishing a compact over-order price or a commission  
25 marketing order and thereafter before any amendment with regard to  
26 prices or assessments, the commission shall hold a public hearing. The  
27 commission may commence a rulemaking proceeding on its own  
28 initiative or may in its sole discretion act upon the petition of any  
29 person including individual milk producers, any organizations,  
30 consumer or public interest groups, and local, state, or federal  
31 officials.

32

12. In addition to the concise general statement of basis and  
33 purpose required by section 4(b) of the federal Administrative  
34 Procedure Act, as amended (5 U.S.C. s. 553(c)), the commission shall  
35 make findings of fact with respect to:

36

a. Whether the public interest will be served by the establishment  
37 of minimum milk prices to dairy farmers under Article IV of this  
38 compact;

39

b. What level of prices will assure that producers receive a price  
40 sufficient to cover their costs of production and will elicit an adequate  
41 supply of milk for the inhabitants of the regulated area and for  
42 manufacturing purposes;

43

c. Whether the major provisions of the order, other than those  
44 fixing minimum milk prices, are in the public interest and are  
45 reasonably designed to achieve the purposes of the order; and

46

d. Whether the terms of the proposed regional order or amendment

1 are approved by producers as provided in section 13 of this compact.

2 13. a. For the purpose of ascertaining whether the issuance or  
3 amendment of regulations establishing a compact over-order price or  
4 a commission marketing order, including any provision with respect  
5 to milk supply pursuant to subsection f. of section 9 of this compact,  
6 is approved by producers, the commission shall conduct a referendum  
7 among producers. The referendum shall be held in a timely manner,  
8 as determined by regulation of the commission. The terms and  
9 conditions of the proposed order or amendment shall be described by  
10 the commission in the ballot used in the conduct of the referendum,  
11 but the nature, content, or extent of such description shall not be a  
12 basis for attacking the legality of the order or any action relating  
13 thereto.

14 b. An order or amendment shall be deemed approved by producers  
15 if the commission determines that it is approved by at least two-thirds  
16 of the voting producers who, during a representative period  
17 determined by the commission, have been engaged in the production  
18 of milk the price of which would be regulated under the proposed  
19 order or amendment.

20 c. For purposes of any referendum, the commission shall consider  
21 the approval or disapproval by any cooperative association of  
22 producers, qualified under the provisions of the Act of Congress of  
23 February 26, 1922, as amended, known as the Capper-Volstead Act,  
24 bona fide engaged in marketing milk, or in rendering services for or  
25 advancing the interests of producers of such commodity, as the  
26 approval or disapproval of the producers who are members or  
27 stockholders in, or under contract with, such cooperative association  
28 of producers, except as provided in paragraph (1) of this subsection  
29 and subject to the provisions of paragraphs (2) through (5) of this  
30 subdivision.

31 (1) No cooperative which has been formed to act as a common  
32 marketing agency for both cooperatives and individual producers shall  
33 be qualified to block vote for either.

34 (2) Any cooperative which is qualified to block vote shall, before  
35 submitting its approval or disapproval in any referendum, give prior  
36 written notice to each of its members as to whether and how it intends  
37 to cast its vote. The notice shall be given in a timely manner as  
38 established, and in the form prescribed, by the commission.

39 (3) Any producer may obtain a ballot from the commission in order  
40 to register approval or disapproval of the proposed order.

41 (4) A producer who is a member of a cooperative which has  
42 provided notice of its intent to approve or not to approve a proposed  
43 order, and who obtains a ballot and with such ballot expresses his or  
44 her approval or disapproval of the proposed order, shall notify the  
45 commission as to the name of the cooperative of which he is a  
46 member, and the commission shall remove the name of such producer

1 from the list certified by such cooperative with its corporate vote.

2 (5) In order to insure that all milk producers are informed  
3 regarding a proposed order, the commission shall notify all milk  
4 producers that an order is being considered and that each producer  
5 may register his approval or disapproval with the commission either  
6 directly or through his cooperative.

7 14. a. The commission shall terminate any regulations establishing  
8 an over-order price or commission marketing order issued under this  
9 article whenever it finds that such order or price obstructs or does not  
10 tend to effectuate the declared policy of this compact.

11 b. The commission shall terminate any regulations establishing an  
12 over-order price or a commission marketing order issued under this  
13 article whenever it finds that such termination is favored by a majority  
14 of the producers who, during a representative period determined by  
15 the commission, have been engaged in the production of milk the  
16 price of which is regulated by such order; but such termination shall be  
17 effective only if announced on or before such date as may be specified  
18 in such marketing agreement or order.

19 c. The termination or suspension of any order or provision thereof,  
20 shall not be considered an order within the meaning of this article and  
21 shall require no hearing, but shall comply with the requirements for  
22 informal rulemaking prescribed by section 4 of the federal  
23 Administrative Procedure Act, as amended (5 U.S.C. s.553).

24

25

#### ARTICLE VI. ENFORCEMENT

26

27 15. a. The commission may by rule and regulation prescribe  
28 recordkeeping and reporting requirements for all regulated persons.  
29 For purposes of the administration and enforcement of this compact,  
30 the commission is authorized to examine the books and records of any  
31 regulated person relating to his milk business and for that purpose, the  
32 properly designated officers, employees, or agents of the commission  
33 shall have full access during normal business hours to the premises and  
34 records of all regulated persons.

35 b. Information furnished to or acquired by the commission  
36 officers, employees, or its agents pursuant to this section shall be  
37 confidential and not subject to disclosure except to the extent that the  
38 commission deems disclosure to be necessary in any administrative or  
39 judicial proceeding involving the administration or enforcement of this  
40 compact, an over-order price, a compact marketing order, or other  
41 regulations of the commission. The commission may promulgate  
42 regulations further defining the confidentiality of information pursuant  
43 to this section. Nothing in this section shall be deemed to prohibit (a)  
44 the issuance of general statements based upon the reports of a number  
45 of handlers, which do not identify the information furnished by any  
46 person, or (b) the publication by direction of the commission of the

1 name of any person violating any regulation of the commission,  
2 together with a statement of the particular provisions violated by such  
3 person.

4 c. No officer, employee, or agent of the commission shall  
5 intentionally disclose information, by inference or otherwise, which is  
6 made confidential pursuant to this section. Any person violating the  
7 provisions of this section shall upon conviction be subject to a fine of  
8 not more than \$1,000 or to imprisonment for not more than one year,  
9 or to both, and shall be removed from office. The commission shall  
10 refer any, allegation of a violation of this section to the appropriate  
11 state enforcement authority or United States attorney.

12 16. a. The commission is hereby authorized and empowered by its  
13 members and its properly designated officers to administer oaths and  
14 issue subpoenas throughout all signatory states to compel the  
15 attendance of witnesses and the giving of testimony and the  
16 production of other evidence.

17 b. Any handler subject to an order may file a written petition with  
18 the commission stating that any such order or any provision of any  
19 such order or any obligation imposed in connection therewith is not in  
20 accordance with law and praying for a modification thereof or to be  
21 exempted therefrom. The handler shall thereupon be given an  
22 opportunity for a hearing upon such petition, in accordance with  
23 regulations made by the commission. After such hearing, the  
24 commission shall make a ruling upon the prayer of such petition which  
25 shall be final, if in accordance with law.

26 c. The district courts of the United States in any district in which  
27 such handler is an inhabitant, or where the handler has his principal  
28 place of business, are hereby vested with jurisdiction in equity to  
29 review such ruling, provided a bill in equity for that purpose is filed  
30 within thirty days from the date of the entry of such ruling. Service of  
31 process in such proceedings may be had upon the commission by  
32 delivering to it a copy of the bill of complaint. If the court determines  
33 that such ruling is not in accordance with law, it shall remand such  
34 proceedings to the commission with directions either (a) to make such  
35 ruling as the court shall determine to be in accordance with law, or (b)  
36 to take such further proceedings as, in its opinion, the law requires.  
37 The pendency of proceedings instituted pursuant to this subsection  
38 shall not impede, hinder, or delay the commission from obtaining relief  
39 pursuant to section 17 of this compact. Any proceedings brought  
40 pursuant to section 17 of this compact (except where brought by way  
41 of counterclaim in proceedings instituted pursuant to this section) shall  
42 abate whenever a final decree has been rendered in proceedings  
43 between the same parties, and covering the same subject matter,  
44 instituted pursuant to this section.

45 17. a. Any violation by a handler of the provisions of regulations  
46 establishing an over-order price or a commission marketing order, or

1 other regulations adopted pursuant to this compact shall:

2 (1) Constitute a violation of the laws of each of the signatory  
3 states. Such violation shall render the violator subject to a civil  
4 penalty in an amount as may be prescribed by the laws of each of the  
5 participating states, recoverable in any state or federal court of  
6 competent jurisdiction. Each day such violation continues shall  
7 constitute a separate violation; and

8 (2) Constitute grounds for the revocation of license or permit to  
9 engage in the milk business under the applicable laws of the  
10 participating states.

11 b. With respect to handlers, the commission shall enforce the  
12 provisions of this compact, regulations establishing an over-order  
13 price, a commission marketing order or other regulations adopted  
14 hereunder by:

15 (1) Commencing an action for legal or equitable relief brought in  
16 the name of the commission in any state or federal court of competent  
17 jurisdiction; or

18 (2) With the agreement of the appropriate state agency of a  
19 participating state, by referral to the state agency for enforcement by  
20 judicial or administrative remedy.

21 c. With respect to handlers, the commission may bring an action  
22 for injunction to enforce the provisions of this compact or the order  
23 or regulations adopted thereunder without being compelled to allege  
24 or prove that an adequate remedy of law does not exist.

25

26

#### ARTICLE VII. FINANCE

27

28 18. a. To provide for its start-up costs, the commission may  
29 borrow money pursuant to its general power under paragraph (4) of  
30 subsection d. of section 6 of this compact. In order to finance the  
31 costs of administration and enforcement of this compact, including  
32 payback of start-up costs, the commission is hereby empowered to  
33 collect an assessment from each handler who purchases milk from  
34 producers within the region. If imposed, this assessment shall be  
35 collected on a monthly basis for up to one year from the date the  
36 commission convenes, in an amount not to exceed one-tenth of 1% of  
37 the applicable federal market order blend price per hundred weight of  
38 milk purchased from producers during the period of the assessment.  
39 The initial assessment may apply to the projected purchases of  
40 handlers for the two month period following the date the commission  
41 convenes. In addition, if regulations establishing an over-order price  
42 or a compact marketing order are adopted, they may include an  
43 assessment for the specific purpose of their administration. These  
44 regulations shall provide for establishment of a reserve for the ongoing  
45 operating expenses of the commission.

46 b. The commission shall not pledge the credit of any participating

1 state or of the United States. Notes issued by the commission and all  
2 other financial obligations incurred by it, shall be its sole responsibility  
3 and no participating state or the United States shall be liable therefor.

4 19. a. The commission shall keep accurate accounts of all receipts  
5 and disbursements, which shall be subject to the audit and accounting  
6 procedures established under its rules. In addition, all receipts and  
7 disbursements of funds handled by the commission shall be audited  
8 yearly by a qualified public accountant and the report of the audit  
9 shall be included in and become part of the annual report of the  
10 commission.

11 b. The accounts of the commission shall be open at any reasonable  
12 time for inspection by duly constituted officers of the participating  
13 states and by any persons authorized by the commission.

14 c. Nothing contained in this article shall be construed to prevent  
15 commission compliance with laws relating to audit or inspection of  
16 accounts by or on behalf of any participating state or of the United  
17 States.

18  
19 ARTICLE VIII. ENTRY INTO FORCE; ADDITIONAL  
20 MEMBERS AND WITHDRAWAL  
21

22 20. This compact shall enter into force when enacted into law by  
23 any three states of the group of states composed of Connecticut,  
24 Delaware, Maine, Maryland, Massachusetts, New Hampshire, New  
25 Jersey, New York, Pennsylvania, Rhode Island, Vermont and  
26 Virginia, and when the consent of Congress has been obtained. This  
27 compact shall also be open to states which are contiguous to any of  
28 the named states and open to states which are contiguous to  
29 participating states.

30 21. Any participating state may withdraw from this compact by  
31 enacting a statute repealing the same, but no such withdrawal shall  
32 take effect until one year after notice in writing of the withdrawal is  
33 given to the commission and the governors of all other participating  
34 states. No withdrawal shall affect any liability already incurred by or  
35 chargeable to a party state prior to the time of such withdrawal.

36 22. If any part or provision of this compact is adjudged invalid by  
37 any court, such judgment shall be confined in its operation to the part  
38 or provision directly involved in the controversy in which such  
39 judgment shall have been rendered and shall not affect or impair the  
40 validity of the remainder of this compact. Congress reserves the right  
41 to amend or rescind this interstate compact at any time.

42 23. a. The right to alter, amend or repeal this compact is expressly  
43 reserved by Congress.

44 b. When an over-order price is in effect, the commission  
45 established in this compact shall compensate the commodity credit  
46 corporation before the end of the fiscal year for the cost of any

1 increased commodity credit corporation dairy purchases that result  
2 from projected increased fluid milk production for that fiscal year  
3 within the compact region in excess of the national average rate of  
4 increase.

5  
6 3. a. The New Jersey delegation to the Northeast Interstate  
7 Compact Commission shall consist of five persons, at least one of  
8 whom shall be a dairy farmer who is engaged in the production of milk  
9 at the time of appointment or reappointment and one of whom shall  
10 be representative of interests of consumers. One member shall be  
11 appointed by the Governor; one by the President of the Senate; one by  
12 the minority leader of the Senate; one by the Speaker of the General  
13 Assembly; and one by the minority leader of the General Assembly.  
14 Members shall serve for a term of three years, except that the members  
15 first appointed by the President of the Senate and the Speaker of the  
16 Assembly shall serve for a term of two years and the members first  
17 appointed by the minority leader of the Senate and the minority leader  
18 of the General Assembly shall serve for a term of one year.

19 b. The members of the delegation shall receive compensation for  
20 their services of three hundred dollars per diem.

21 c. The department and any other agency of the state shall, when  
22 called upon, provide the members with cooperation, information and  
23 staff support.

24  
25 4. Any violation of the provisions of regulations adopted pursuant  
26 to the Northeast Interstate Dairy Compact establishing an over-order  
27 price, a commission marketing order, or any other regulations, shall  
28 constitute a violation of this act. Any such violation shall be subject  
29 to a civil penalty of \$5,000 per occurrence.

30  
31 5. This act shall take effect immediately, but shall remain  
32 inoperative until the Northeast Interstate Dairy Compact is enacted  
33 and entered into by the State of New York.

#### 34 35 36 STATEMENT

37  
38 This bill would enact the Northeast Interstate Dairy Compact, and  
39 enter New Jersey as a party state therein contingent upon the entry of  
40 the State of New York into the compact. The purpose of the compact  
41 is to strengthen the dairy industry in the northeast.

42 The Federal Agriculture Improvement and Reform (FAIR) Act of  
43 1996 included a provision allowing the New England states to  
44 establish a dairy compact if the Secretary of Agriculture found a  
45 "compelling public interest" in the northeast region. The secretary  
46 determined such an interest existed August 9, 1996, and the compact

1 was then formed. The law allows six other states to join the compact -  
2 Delaware, Maryland, New Jersey, New York, Pennsylvania, and  
3 Virginia. In order for any of these states to join, congressional  
4 approval is necessary and the state must be contiguous to a  
5 participating state.

6 The Northeast Interstate Dairy Compact establishes an interstate  
7 commission with the authority to set a minimum price paid by dairy  
8 processors to dairy farmers in the region, at a level above the minimum  
9 price mandated by federal milk marketing orders. The compact will  
10 regulate the farm price of milk used only for fluid consumption in the  
11 compact region, regardless of where the milk originates.

12

13

14

15

16 The "Northeast Interstate Dairy Compact Act."