

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2335

STATE OF NEW JERSEY

DATED: DECEMBER 11, 1997

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2335.

Senate Bill No. 2335 would enact the Northeast Interstate Dairy Compact, and enter New Jersey as a party state therein contingent upon the entry of the State of New York into the compact. The purpose of the compact is to strengthen the dairy industry in the northeast.

The Federal Agriculture Improvement and Reform (FAIR) Act of 1996 included a provision allowing the New England states to establish a dairy compact if the Secretary of Agriculture found a "compelling public interest" in the northeast region. The secretary determined such an interest existed August 9, 1996, and the compact was then formed. The law allows six other states to join the compact - Delaware, Maryland, New Jersey, New York, Pennsylvania, and Virginia. In order for any of these states to join, congressional approval is necessary and the state must be contiguous to a participating state.

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

FISCAL IMPACT

This bill has not been certified as requiring a fiscal note.