

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 87th General Assembly  
3 Regular Session, 2009  
4

As Engrossed: H2/23/09

# A Bill

HOUSE BILL 1451

5 *By: Representatives Hoyt, Reynolds, T. Baker, Breedlove, J. Brown, Cole, L. Cowling, Dismang, George,*  
6 *Hall, Harrelson, Hawkins, House, Lovell, McCrary, Overbey, Perry, Pierce, Powers, Saunders, Slinkard,*  
7 *Stewart, Summers, Tyler, Wagner, Webb, Wells, B. Wilkins, J. Roebuck, Pyle, M. Burris, M. Martin,*  
8 *Ragland*

9 By: Senators Bryles, J. Jeffress, G. Jeffress, J. Taylor, D. Wyatt  
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## For An Act To Be Entitled

13 AN ACT TO ENSURE AN ADEQUATE SUPPLY OF ARKANSAS  
14 MILK FOR ARKANSAS CONSUMERS; TO STABILIZE AND  
15 STIMULATE DAIRY FARMS IN ARKANSAS; TO CREATE THE  
16 DAIRY STABILIZATION FUND; AND FOR OTHER PURPOSES.  
17

## Subtitle

19 AN ACT TO ENSURE AN ADEQUATE SUPPLY OF  
20 ARKANSAS MILK FOR ARKANSAS CONSUMERS; TO  
21 STABILIZE AND STIMULATE DAIRY FARMS IN  
22 ARKANSAS; AND TO CREATE THE DAIRY  
23 STABILIZATION FUND.  
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26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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28 SECTION 1. Arkansas Code Title 2, Chapter 10, is amended to add an  
29 additional subchapter to read as follows:

30 2-10-201. Definitions.

31 As used in this subchapter:

32 (1)(A) "Dairy products" means items sold to consumers in  
33 Arkansas that are processed directly from raw milk, including without  
34 limitation:

35 (i) Butter;

36 (ii) Buttermilk;



- (iii) Cottage cheese;
- (iv) Cream;
- (v) Creamer;
- (vi) Dried whey;
- (vii) Eggnog;
- (viii) Evaporated and condensed milks;
- (ix) Flavored milks (all fats);
- (x) Fluid milks (all fats);
- (xi) Half & half;
- (xii) Hard and soft cheese;
- (xiii) Ice cream;
- (xiv) Kefir;
- (xv) Lowfat ice cream;
- (xvi) Milk sherbet;
- (xvii) Sour cream;
- (xviii) Sour cream dips; and
- (xix) Yogurt.

(B) "Dairy products" does not include a dairy product that is used as an ingredient for a nondairy finished product;

(2) "Milk producer" means any person or entity that operates a bovine dairy farm that possesses a valid permit signed by the administrator of the Arkansas Grade "A" Milk Program; and

(3) "Wholesaler" means a person or entity that is engaged as a distributor or manufacturer who receives, stores, manufactures, or sells milk or other dairy products to retail sellers in Arkansas.

2-10-202. Dairy stabilization fee.

(a) A wholesaler shall pay a dairy stabilization fee of not more than thirty cents (30¢) per hundred weight on packaged milk and an equivalent amount as determined by the Secretary of the Arkansas Agriculture Department on other dairy products sold in Arkansas.

(b)(1) The dairy stabilization fee shall be assessed and collected by the Director of the Department of Finance and Administration.

(2) The director shall deposit the dairy stabilization fee into the Dairy Stabilization Fund established in § 19-6-811.

(c) A wholesaler that is subject to the dairy stabilization fee under

1 this section shall file a monthly return and remit the fee for the month to  
2 the Director of the Department of Finance and Administration on or before the  
3 15th day of the month next following the month in which the sale was made.

4 (d) The secretary shall provide quarterly reports to the Arkansas Milk  
5 Stabilization Board regarding the assessment, collection, and disbursement of  
6 moneys collected under this section.

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8 2-10-203. Dairy stabilization payments.

9 (a)(1)(A) The Secretary of the Arkansas Agriculture Department shall  
10 calculate monthly the difference between the average monthly blend price of  
11 milk received by Arkansas milk producers as estimated by the secretary and  
12 seventy percent (70%) of the average monthly cost of producing milk in  
13 Missouri and Tennessee as estimated by the United States Department of  
14 Agriculture.

15 (B) If the average monthly blend price of milk received by  
16 Arkansas milk producers is lower than the calculated average cost of  
17 producing milk in Missouri and Tennessee, the secretary shall pay the milk  
18 producer the difference.

19 (2) The secretary shall not pay a milk producer more than five  
20 dollars (\$5.00) per hundred weight of milk per month under subdivision (a)(1)  
21 of this section.

22 (b) Payments received by a milk producer under this section shall not  
23 exceed an annual average of two dollars (\$2.00) per hundred weight of milk.

24 (c)(1) The secretary shall not make payments under this subchapter  
25 unless the Dairy Stabilization Fund established in § 19-6-811 contains enough  
26 moneys to provide payments.

27 (2) The secretary shall make the determination of the fund  
28 balance required under subdivision (c)(1) of this section in cooperation with  
29 the Director of the Department of Finance and Administration.

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31 2-10-204. Milk production and quality incentives.

32 (a) If funds are available, as an incentive to continue milk  
33 production and to improve milk quality, the Secretary of the Arkansas  
34 Agriculture Department may pay a milk producer the following incentive  
35 payments from the Dairy Stabilization Fund:

36 (1)(A) Fifty cents (50¢) per hundred weight of milk for each

1 hundred weight of milk produced above the milk producer's average annual milk  
2 production.

3 (B) A milk producer's average annual milk production  
4 specified under subdivision (a)(1)(A) of this section shall be calculated  
5 over the two (2) years preceding the year of disbursement; and

6 (2) Fifty cents (50¢) per hundred weight of milk if the milk  
7 contains less than a four-hundred-thousand somatic cell count.

8 (b) Milk producers that begin milk production after the effective date  
9 of this subchapter qualify for payments under subsection (a) of this section  
10 after the completion of one (1) continuous year of milk production in  
11 Arkansas.

12 (c) Annual payments to a milk producer under this section shall not  
13 exceed fifty thousand dollars (\$50,000).

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15 2-10-205. Licenses.

16 (a) For the privilege of conducting business in Arkansas, a  
17 distributor, wholesaler, or manufacturer of dairy products, whether located  
18 within or without the State of Arkansas, that sells or offers dairy products  
19 for sale to retail dealers within the State of Arkansas shall obtain a  
20 license from the Director of the Department of Finance and Administration.

21 (b) For the privilege of conducting business in Arkansas, a retailer  
22 that purchases dairy products from an unlicensed manufacturer, wholesaler, or  
23 distributor shall obtain a license from the director.

24 (c) A person required to obtain a license under this subchapter shall  
25 obtain a license for each place of business owned or operated by the person.

26 (d) A license issued under this subchapter shall be available for  
27 inspection upon request.

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29 2-10-206. Rules.

30 The Secretary of the Arkansas Agriculture Department shall adopt rules  
31 to implement this subchapter.

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33 SECTION 2. Arkansas Code Title 19, Chapter 6, Subchapter 8 is amended  
34 to add an additional section to read as follows:

35 19-6-811. Dairy Stabilization Fund.

36 (a) There is created on the books of the Treasurer of State, the

1 Auditor of State, and the Chief Fiscal Officer of the State a special revenue  
2 fund to be known as the "Dairy Stabilization Fund".

3 (b)(1) All moneys collected under § 2-10-202 shall be deposited into  
4 the State Treasury to the credit of the fund as special revenues.

5 (2) The fund also shall consist of any other revenues as may be  
6 authorized by law.

7 (c) The Secretary of the Arkansas Agriculture Department shall use the  
8 fund to provide:

9 (1) Dairy stabilization payments under § 2-10-203; and

10 (2) Milk production and quality incentives under § 2-10-204.

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12 */s/ Hoyt*  
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