



NEW YORK STATE SENATOR

Darrel J. Aubertine

Ag Chair Introduces Bill to Provide Relief for Dairy Farmers

DARREL J. AUBERTINE October 20, 2009

| ISSUE: **AGRICULTURE, ECONOMIC DEVELOPMENT, SMALL BUSINESS**

| COMMITTEE: **AGRICULTURE**



Ban on “stop & haul” charges would effectively add \$1-2 per CWT to bimonthly milk checks

Aubertine holds issues roundtable in Ithaca to hear farmers on this bill, farm labor, dairy crisis

ITHACA (October 20, 2009)—State Sen. Darrel J. Aubertine has introduced legislation (S.6158) that would effectively allow farmers to keep \$1 to \$2 per hundredweight more at a time when low milk prices are threatening to put hundreds of New York State’s dairy farms out of business.

Sen. Aubertine's legislation would establish ownership of milk as once it has been taken from the farm, prohibiting processors from charging stop and haul fees, which have averaged about \$1.55 per hundredweight this month. These charges come out of the farmer's check to pay for transporting the milk to processors even after a farmer's milk is mixed with milk from other farms on the tanker. This legislation would work in conjunction with similar legislation proposed or in the works in other Northeastern states.

"Milk prices already fail to cover the cost of production for our dairy farmers and these stop and haul charges just put our farmers deeper in the hole," Sen. Aubertine said. "This is about the ownership of milk. Once it's on that tanker, it's the processor's milk. They certainly cannot take it out again and as far as I'm concerned, once it's comingled on the tanker, the processing has begun. Eliminating these fees would basically milk prices as much as \$2 per hundredweight for all farmers, whether they have 50 cows or 1000."

The Senator discussed the legislation, as he has done in meetings with farmers across the state, at a roundtable in Ithaca at Cornell Cooperative Extension offices. Dairy farmers expressed interest and support for the bill as a means for New York State to help farmers deal with low milk prices. In the roundtable today, the Senator and farmers again stressed the need for relief to assist dairy farmers by reducing regulations, eliminating these stop and haul fees, getting the federal government to enforce laws on the books to cover farmer costs, reducing the impact of MPCs, caseinates on domestic food prices, and opening up credit or insuring lending institutions working with farmers.

"These forums are important to bring farmers to the table and strengthen the voice of our agriculture industry in Albany," Sen. Aubertine said. "This industry is struggling and New York cannot afford to lose another industry. We need to ensure that when we talk about economic development, agriculture is front and center in those discussions. This is not only about farms and the jobs they create in just about every sector of our economy. We need to protect our farms to protect our food, its quality and our health."

"I'm just very appreciative to have Sen. Aubertine lend an ear to our concerns because the dairy crisis is very real and there are some things New York State can do," said Edie McMahon, dairy farmer from Homer, whose family farm milks about 675 cows. "Hauling for us has ranged anywhere from \$1 to \$1.32 a hundredweight plus a fuel surcharge. It's a significant cost and we have no way of passing that along. If this bill can help us pass this along to the processors it would be a good thing and it might help them find an incentive to do things more efficiently. It just isn't being done efficiently right now. Also, I'd like to thank the Senator and we really appreciate his standing strong against the Farm Labor Bill and being a voice for agriculture."

"Agriculture is such a small amount of voters, I think it's remarkable that he would take the time to host meetings across the state on the issues that are facing our industry, coming out of his district and to where the farmers are. We're very lucky to have him as an asset—the one farmer of 212 people representing us," said Jason Turek, a vegetable farmer and owner of Turek Farms in King Ferry. "We are looking for a reliable, workable program for ag workers. We can't hire 150 people seasonally to pick all of the vegetables we need to pick and the provisions of this bill would devastate us. We not only compete on a state level. We compete on a worldwide level and the people we compete against countries that actually do exploit their workers. I'd like to thank Senator Aubertine for his leadership on this issue, and for involving so many parts of the state in his roundtables."

"It was great to be able to have an informal discussion with the Senator and it's obvious he's concerned about agriculture in the state of New York," said Dale Matton, a past Farm Bureau president for Cayuga County, whose Pine Hollow Dairy in Genoa milks 850 cows. "There are certainly big issues in the state today. The credit crisis and the Farm Labor bill are among them. I thought it was good to have this discussion. I think he understands quite a bit and I look forward to working with him moving forward, to better demonstrate the issues we face."

Other issues raised included consumer education, country of origin labeling, and food safety concerns relating to imports of products from China and other countries with lower standards for production. Farmers also spoke about the damage the Farm Labor Fair Practices Act would have, driving farms out of business either from the increased costs or a lack of available labor because of the impact the bill would have on workers.

Stop and haul fees are a traditional charge, along with fuel surcharges, which is not established in law, but processors have been allowed to extract from milk checks, forcing farmers to pay the freight of bringing milk to a processing plant. With milk prices around \$11 per hundredweight, these fees amount to about a 13-17 percent charge.

In Sen. Aubertine's discussions with farmers in Oswego, Jefferson and St. Lawrence counties, and throughout the state, farmers have been vocal about the need to reduce costs and indicated that reducing or eliminating stop and haul charges would be a bold first step in ensuring farmers can survive this crisis and return to profitability. The Senator has also recently held discussions with farmers in Western New York, Long Island, Morrisville and will be in Warsaw at 11 a.m. tomorrow.

Senator Aubertine has been working with representatives from other Northeastern states to introduce and pass uniform legislation regarding the stop and haul charges, which would save farmers in these states from paying the fees and also protect against pushback from processors unwilling to cover these costs. As Congress continues to put off enacting real reform of the milk pricing system and while some lawmakers are talking about investigating possible price manipulation, this action at the state level and on a regional basis would provide relief far greater and much longer term than recent subsidy proposals.

"The recent announcement of \$290 million for dairy farmers nationwide, including more than \$40 million for New York State producers, is a one-time shot in the arm that at best will provide farmers a couple of dollars per hundredweight more for one month," Sen. Aubertine said. "This is appreciated but we need real and substantial changes. Eliminating stop and haul charges would benefit the bottom line of farmers as much as these subsidies and do so every month. In the end though, what will help the dairy farmer most is parity with processors and retailers. If the USDA enforced 608c, a law already on the books, we would have parity and farmers could cover their costs."

Sen. Aubertine has called on USDA Secretary Tom Vilsack to use his authority to enforce 608c. In one petition alone, more than 17,000 farmers across the country also asked Secretary Vilsack to enforce this regulation. Without action by the USDA, the Senator has also thrown his support behind the Federal Milk Marketing Improvement Act of 2009, which is building support among farmers from New York to California. Known as the Specter-Casey Bill (S.1645), this act would adjust the milk marketing formula, to remove the sale of just a fraction of the nation's cheese on the Chicago Mercantile Exchange from the formula, the need for taxpayer subsidies, ensure trade balance of dairy products, encourage new farmers to enter the business, and cover production costs, included among them, stop and haul fees.