

House Ag Committee Amends Dairy Compact Legislation

(Continued from Page A1)

out of the House Ag Committee and received first consideration by the House and was tabled on Monday.

It takes three considerations for a bill to be approved by a legislative body.

It is expected that, when the House of Representatives returns to session in June, leadership will send the bill to Appropriations Committee, before reviewing again on second consideration.

While in the Appropriations Committee, little action is expected because the legislation requires no state fiscal note. However, committee leadership determines how quickly the bill is considered.

The House is then expected to consider the legislation, before sending it back to the Senate for reconsideration, because of the

amendments.

Frequently what seems imminent in Harrisburg can be far different from what eventually comes to pass, but from comments made by a number of people involved with the issue, it does seem likely the legislation could well end up being settled between the two legislative bodies and sent to Gov. Tom Ridge for signing into law by the end of June.

If not, the state Legislature would have to wait until it returns in September, after Labor Day, to review the proposed law. It would also have to have the legislation signed into law by Gov. Ridge before the end of September, or before the federal Legislature decides to focus on the federal authorizing law.

For those unfamiliar with the Northeast Interstate Dairy Compact, it is a six-state milk pricing

organization authorized by the U.S. Constitution and created in the 1996 Farm Bill as a means to soften the transition for the dairy industry in the New England states from the scheduled elimination of federal support pricing for the dairy industry.

Simply, the Compact Commission — consisting of up to five delegates from each of the participating states, representing dairy producers, processors, and consumers — determines the minimum price farmers are to receive for their milk, and a retail price of drinking milk that can provide the additional funds to pay farmers.

The minimum price to farmers kicks in when drinking milk prices (the Boston Class I, as set by the federal government according to a formula that considers market values of milk products such as butter

and cheese) falls below the Compact Commission-set level.

It creates a minimum milk price paid to farmers for their drinking milk, providing a potential for break-even to profitable cash-flow protection.

In Pennsylvania, Dairy Compact legislation was proposed during the previous Legislative session, but never made it for a vote before session ended last fall.

The current proposal is very similar to what had been proposed, and has been one of the first issues to be taken up by the current state Legislature.

The Senate version of Pennsylvania's Compact legislation was drafted by state Sen. Roger Madigan and is also supported by Sen. William Slocum, majority chairman of the Senate Agricultural and Rural Affairs Committee.

Both senators represent north-

ern tier counties with less dairy production than the southern counties, and reportedly higher rates of farm failure due to marginal producer prices, despite record high prices two out of the past three years.

What the Compact means to the dairy industry as a whole is uncertain. It has varied so far, depending upon the individual.

State Sens. Madigan and Slocum have stated that the Dairy Compact legislation represents a form of farmland preservation for their respective constituencies, which suffer from not being able to attract much, if any, farmland preservation funds.

However, other state legislators don't necessarily share the view that entering into the regional governmental pricing system of a Compact to possibly stem the loss of dairy farm land is justifiable.

According to Rep. Raymond Bunt Jr., R-Montgomery County, who is chairman of the House Agriculture and Rural Affairs Committee, many members of the committee have concerns that, in the long run, joining the Compact may do more harm for small herd dairy farms, and perhaps hasten the industry's integration.

Rep. Bunt said that while the bill was approved by the committee, it was with much reservation.

Egolf's "no" vote reflected the same concerns, he said, and he expressed the sentiment that his vote was not much different than the others — he said he is in opposition to the Compact and in support of the family farmers in his district — and the vote didn't reflect opinion toward the three amendments.

"It's a pretty involved and complicated pact they want to get into," Egolf said about the Compact and those who are promoting it, "but basically I'm concerned about the small dairy farmers. In the short run (the Compact) will help the small dairy farmers, but in long run it will hurt them.

"The large farmers it will help, but it will hurt the small farmers," he said, adding, "There are lots of aspects that I really question.

"It isn't the right way to go, so I felt I should vote that way," Egolf said.

Effectively, the three amendments were:

- To create a June 30, 2002, sunset provision for the law (or three years from the effective date of the law), so that Pennsylvania's eligibility in a Compact would end then;

- To restore the Pennsylvania delegation to the Compact Commission to the maximum five people allowed under Compact law. As background, when S.B. 365 was in the Senate Agriculture and Rural Affairs Committee it was amended from having five appointees by the governor represent the state on the Northeast Dairy Compact Commission to having the three members of the Pa. Milk Marketing Board (PMMB) represent the state on the Commission. The House amendment restores the delegation to five members, retaining one member of the PMMB, its chairman, but adding the majority and minority chairpeople (or their designees) of the Senate and House agriculture committees.

- Add wording to emphasize that Pennsylvania's Compact delegation members will "take all reasonable steps necessary to minimize the economic and administrative










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(Turn to Page A30)