

PROBLEMS CONFRONTING THE DAIRY  
INDUSTRY



*Bulletin No. 77-12*

LEGISLATIVE COMMISSION  
OF THE  
LEGISLATIVE COUNSEL BUREAU  
STATE OF NEVADA

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LEGISLATIVE COMMISSION

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Assembly Bill No. 29—Assemblymen Mann, Mello, Lowman, Wittenberg, Dreyer,  
Demers, Vergiels, Bennett, Bremner, Chaney, Sena, Polish and Schofield

CHAPTER...724

AN ACT relating to dairy products and substitutes; altering the composition and duties of the state dairy commission; providing for an executive director of the commission to be in the unclassified service of the state; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly,  
do enact as follows:*

\* \* \* \* \*

SEC. 16. The legislative commission shall make a comprehensive study of the problems confronting the dairy industry in Nevada and the related effects upon the consuming public, including:

1. The handling and transportation of fluid milk and other dairy products as these affect marketing areas in Nevada;
2. Operating procedures and efficiency of producers, distributors and retailers in the dairy industry; and
3. The obligations of the dairy industry to the people of Nevada, and report the results of its study and recommend any appropriate legislation to the 59th session of the legislature.



## REPORT OF THE LEGISLATIVE COMMISSION

To the Members of the 59th Session of the Nevada Legislature:

This report is submitted in compliance with Assembly Bill No. 29, Section 16, of the 58th session which directed the legislative commission to make a comprehensive study of the problems confronting the dairy industry in Nevada. This report contains background information from the 1975 assembly standing committee on agriculture, brief summaries of the attorney general's report and the legislative audit of the state dairy commission, and the procedure, findings and recommendations of the subcommittee appointed to conduct the study.

Assemblyman Lawrence E. Jacobsen served as chairman of the subcommittee with Senator Jack Schofield as vice chairman. Other subcommittee members were Senator Richard H. Bryan, Assemblymen Virgil M. Getto, Lloyd W. Mann and Robert E. Price.

The subcommittee wishes to acknowledge persons attending and participating in public hearings in Carson City and Las Vegas and the members and staff of the state dairy commission.

The report is transmitted to the members of the 1977 legislature for their consideration and appropriate action.

Respectfully submitted,

Legislative Commission  
Legislative Counsel Bureau  
State of Nevada

Carson City, Nevada



## SUMMARY OF RECOMMENDATIONS

1. The continued existence of the dairy commission is justified to protect the dairy industry and the public interest in the State of Nevada.
2. All Nevada Revised Statutes provisions relating to the state dairy commission expire effective July 1, 1979. (Pages 45, 48)
3. The dairy commission be restructured as follows:
  - (a) The commission will be made up of three members, one each who has a background in agricultural economics, accounting and finance or banking, and none of whom is connected to the dairy industry.
  - (b) The commission will operate much as the present dairy commission with part-time commissioners and full-time staff.
  - (c) Commission members will be appointed by the governor for a term of 3 years on a staggered basis. The first three-member commission to be appointed as follows:
    - (1) One member for 1 year.
    - (2) One member for 2 years.
    - (3) One member for 3 years.A new member can be appointed or an old member can be reappointed as each member's term of office expires.  
  
(Pages 34, 35, 36)
4. The governor shall have the authority to remove commission members for malfeasance in office or neglect of duties. (Page 36)

5. The following changes in assessment rates for dairy products be made:
  - (a) Assessments paid by distributors on butter be increased from one-half cent per pound to 1 cent per pound.
  - (b) Assessments paid by distributors on ice cream, sherbert and ice cream or ice milk mixes be increased from 2 cents per gallon to 4 cents per gallon.
  - (c) Assessments paid by distributors on cotttage cheese be increased from one-fourth cent per pound to one-half cent per pound.
  - (d) Yogurt shall be assessed at the rate of one-half cent per pound.

(Page 43)

6. The powers and duties of the executive director will be as follows:
  - (a) The executive director will be given authority to hire and fire staff members.
  - (b) The executive director will not be the hearing officer. The three commissioners will sit as hearing officers with two concurring on any affirmative action.
  - (c) All other powers and duties of the executive director, as provided in the statutes, will remain the same.

(Pages 36, 37)

7. The hearing procedures for an amendment or termination of a stabilization and marketing plan provide:
  - (a) The commission may hold a hearing at any time.
  - (b) The commission is required to hold a hearing if a proper petition is presented.

- (c) The requirement that a petition be signed by not less than 55 percent of the producers be eliminated.
- (d) Notice of hearing must be sent to the consumer affairs division, department of commerce; and, the consumer affairs division given authority, through petition to intervene and testify at any dairy commission hearing.
- (e) After notice of hearing has been given, the hearing will proceed by the applicant's testifying first with the burden of proof and then the commission staff will respond.

(Pages 34, 38, 39, 40, 41)

- 8. The dairy commission staff should be utilized as follows:
  - (a) The dairy commission should use the services of the attorney general, rather than employ independent legal counsel.
  - (b) The dairy commission is mandated to set standards of developing cost criteria and drawing regulations.
  - (c) The staff of the dairy commission will present evidence and background information at hearings.

(Pages 33, 41, 45)

- 9. The dairy commission be given the authority, but not the mandate, to set minimum prices at any or all levels of the dairy industry. If the commission chooses to set statutory minimum prices, existing guidelines should be followed. (Pages 33, 41, 42, 43)
- 10. A resolution be drawn memorializing the U.S. Congress to enact H.R. 9498. (Pages 49, 50)
- 11. Penalties for violations pertaining to the dairy industry in NRS should be changed so that penalties can be imposed up to \$1,000 per violation, with discretion given to the minimum amount fined. (Page 44)

12. The dairy commission be notified of its sentiments regarding disposition of money received or forthcoming as a result of the attorney general's recent investigations into illegal practices in the dairy industry. In the subcommittee's opinion, that money should not be spent by the dairy commission for any purpose.
13. Legislation be enacted transferring to the general fund any money collected by the state dairy commission pursuant to the complaints of the attorney general filed April 5, 12, 19 and 26 of 1976. (Pages 46, 47, 48)

REPORT TO THE LEGISLATIVE COMMISSION OF ITS  
SUBCOMMITTEE ON PROBLEMS CONFRONTING  
THE DAIRY INDUSTRY

I. INTRODUCTION

In 1975 the Nevada legislature enacted A.B. 29 which altered the composition of the state dairy commission and directed the legislative commission to "make a comprehensive study of the problems confronting the dairy industry in Nevada and the related effects upon the consuming public." Section 16 of A.B. 29 further directed that problems to be studied should include:

- A. The handling and transportation of fluid milk and other dairy products as these affect marketing areas in Nevada.
- B. Operating procedures and efficiency of producers, distributors and retailers in the dairy industry.
- C. The obligations of the dairy industry to the people of Nevada.

Pursuant to these charges, the legislative commission appointed a subcommittee composed of the following legislators:

Assemblyman Lawrence E. Jacobsen (Minden), Chairman  
Senator Jack Schofield (Las Vegas), Vice Chairman  
Senator Richard H. Bryan (Las Vegas)  
Assemblyman Virgil M. Getto (Fallon)  
Assemblyman Lloyd W. Mann (Las Vegas)  
Assemblyman Robert E. Price (North Las Vegas)

The subcommittee was allocated \$2,350 for its work. It held public hearings in Las Vegas on October 6 and 7, 1975 and in Carson City on November 12, 1975. Subcommittee work sessions were conducted on April 30, 1976 and September 17, 1976 in Carson City.

II. BACKGROUND OF PROBLEMS FACING THE  
DAIRY INDUSTRY IN NEVADA

A.B. 29 of the 58th session of the Nevada legislature was introduced in its original form to abolish the state dairy commission and to allow prices for dairy products to be determined on the free market. The bill was referred to

the assembly standing committee on agriculture and a review of the minutes of that committee reveals some of the major problems concerning the dairy industry. A.B. 29 served as a vehicle for the agriculture committee to discuss and explore, both in committee and in hearings around the state, many of the pressing concerns of the dairy industry. The key issues which emerged were:

- A. The dairy commission--its existence and composition, its staff and its function.
- B. Conflicts in southern Nevada between Nevada and Utah members of the Lake Mead cooperative and between independent producers and members of the cooperative.
- C. General problems related to price setting in the dairy industry.

In its final form, A.B. 29 revised the composition of the dairy commission to provide for equal representation for consumers. The bill left unchanged the commission's duty to fix minimum milk prices at the producer, wholesale and retail levels. It created four positions for consumers and four positions for dairy industry members. Consumer membership must include one representative of a business employing no more than 10 persons, one representative of a nonprofit consumer organization, one representative of the Nevada Parent Teachers' Association and one representative from the public at large. Industry membership is to be apportioned as follows: two producer members, one distributor and one retail store operator.

Debate surrounding A.B. 29 also brought out conflicts in southern Nevada which arose pursuant to the establishment of a federal market order and creation of the Lake Mead cooperative. While the state dairy commission sets minimum milk prices at all levels, the federal order sets only minimum producer prices. Conflicts occur among producers in the south over several issues. First of all, federal orders and cooperative membership cover portions of Nevada and Utah. When the state milk price to producers exceeds the federal price, the coverage due southern Nevada producers is not paid directly to them but to the cooperative as a whole. Utah cooperative members, therefore, share the benefits derived from Nevada milk prices.

Another problem revealed in the agriculture committee's hearings on A.B. 29 was the antagonism between independent southern Nevada producers and members of the Lake Mead cooperative. Independent producers contended that the cooperative, as a member of a larger federation of cooperatives, was bringing in large quantities of milk from outside the marketing area to flood the market with milk. The reason for this flooding, according to independents, was that the cooperative hoped to force independent producers out of business or into the cooperative. Because milk in excess of the market's need for fluid milk goes into lower valued products and because producers are paid according to usage and volume, it is obviously not to the producers' advantage to compete in a market with a lot of milk in excess of the fluid need.

Finally, deliberations surrounding A.B. 29 revealed the impreciseness of the method used to set milk prices by the dairy commission. Using cost plus reasonable profit as the pricing guideline, the dairy commission apparently operated with inadequate retail records to ascertain fair profits. Furthermore, wholesale prices were set without a pricing mechanism to reflect the lower costs of volume deliveries.

### III. SUBCOMMITTEE PROCEDURE

After reviewing the background information from the 1975 session, the subcommittee held its first hearings on October 6 and 7, 1975 in Las Vegas. In a brief organization session, the subcommittee determined that it would focus primarily on the following areas of study listed in order of priority:

- A. Justification of the state dairy commission.
- B. Composition of the state dairy commission.
- C. The relationship of federal milk marketing orders and cooperatives, plus the policies governing them.
- D. Levels of price control on milk.

These study goals were pursued in several ways. A public hearing was also held in Carson City on November 12, 1975. Testimony was sought from milk producers, distributors and retailers and from consumers. Although members of all these

groups appeared before the subcommittee, most of the presentations at the hearings came from producers and distributors of the dairy industry.

One portion of the October 7, 1975, subcommittee meeting was devoted to a joint session between the subcommittee and the state dairy commission, its executive director and legal counsel. The purpose of that meeting was for the subcommittee to inform the dairy commission of the aims of the subcommittee study and to obtain the commission's view of problems facing the dairy industry.

Chairman Jacobsen and subcommittee staff also attended various meetings of the dairy commission to observe the commission performing its statutory duties.

In addition, following the public hearings and prior to the subcommittee's work sessions, the chairman and staff developed a questionnaire which solicited the opinions of members of the dairy industry on the major issues which emerged from the public hearings. The questionnaire approximated closely the worksheet used by the subcommittee at its first work session and responses to it were considered at that meeting.

The subcommittee further directed staff to survey several other states with unique organizations and methods used to set milk prices. Staff presented this information to the subcommittee for its consideration at the final work session.

On April 30, 1976, the subcommittee met in a work session in Carson City. The subcommittee made its major recommendations for its report and proposed legislation. At that meeting, the subcommittee expressed its desire to receive the legislative audit of the dairy commission prior to submitting its final report. The subcommittee requested that, in addition to the normal financial and compliance report, the audit include a review of the efficiency of the dairy commission and an indication of the qualifications and performance of the staff of the dairy commission.

Subcommittee members further stated that the final report should await the actions of the attorney general regarding alleged violations by certain members of the dairy industry.

The final work session was held on September 17, 1976. At that time the subcommittee reviewed the legislative audit of the dairy commission and made its final decision on recommendations.

IV. PROBLEMS IN THE NEVADA DAIRY INDUSTRY CITED  
BY THE ATTORNEY GENERAL'S REPORT

The giving of secret rebates, unearned discounts or special services not available to all are acts prohibited by NRS as unfair trade practices in the dairy industry. The dairy commission is empowered by law to set minimum wholesale prices for milk. However, wholesalers, in an effort to capture or retain customers, were alleged to have offered a discount or rebate on the minimum price of milk to certain retailers. From the wholesalers' point of view, discounts below prices set under law simply reflected market conditions-- that is, wholesalers could supply large retailers with large volumes of milk more cheaply than they could make numerous stops to supply smaller retailers buying smaller quantities of milk. From the consumer's point of view, because a minimum price is set on milk at the retail level, the discounts passed from certain wholesalers to certain retailers were never passed on to the ultimate milk buyer. As a result of a preliminary court hearing in 1975, these practices were brought to the public's attention. In August of 1975, the state dairy commission authorized an investigation into the alleged violations of Nevada law. In December of 1975, the office of the attorney general came out with a "Report on the Nevada Dairy Commission," which detailed what had gone wrong with the dairy commission and with the wholesale and retail segments of the dairy industry.

The attorney general cited the following major problems:

- A. Past industry domination of the state dairy commission, particularly insofar as the self-serving interests of distributors in raising prices were concerned.<sup>1</sup> The report recognized that industry representation was purposefully built into the commission's composition to insure the availability of industry expertise to the commission. However, the report concluded that " \* \* \* this concept, ideal in theory, proved in reality to be greatly abused."<sup>2</sup>
- B. Underutilization of staff by the dairy commission and its executive director, especially with regard to:
  1. Insufficient provision of information to the commission to justify price raises.<sup>3</sup>

2. Superficial auditing of the dairy industry both with regard to the breadth of the sample chosen for audit and to the depth of those audits performed.<sup>4</sup>
  3. Watering down of minutes of public meetings by the executive director.<sup>5</sup>
  4. Lack of direction or reprimand from the commission to the executive director concerning the proper execution of his duties.<sup>6</sup>
  5. Failure of the commission sufficiently to seek and heed the advice of legal counsel on matters involving questions of legality.<sup>7</sup>
- C. Insufficient evidence for price hikes, especially at the distributor level.<sup>8</sup>
- D. Failure of the commission aggressively to carry out its responsibilities, particularly with regard to taking action on the alleged granting of illegal rebates.<sup>9</sup>
- E. Balancing the need to keep confidential certain competitive cost information supplied by the industry to the commission with the public's right to know the basis on which milk prices are set.<sup>10</sup>

By midsummer of 1976, the state dairy commission had resolved, at least partially, the kickback issue by accepting settlement proposals from certain milk wholesalers and retailers in response to complaints filed against them by the dairy commission. By law, the maximum civil penalty for each violation is \$500, regardless of the amount of money involved in any single illegal rebate or discount transaction. Settlement amounts disclosed at the July 26, 1976, dairy commission meeting ranged from \$500 to \$25,000 per company or corporation. Hearing dates were set for other wholesalers and retailers who did not settle at the July meeting. A marketing order amended earlier in 1976 effectively suspended indefinitely wholesale milk prices. Consequently, since there is currently no one fixed minimum wholesale price, the necessity for offering secret discounts or rebates no longer exists.<sup>11</sup>

#### V. LEGISLATIVE AUDIT OF THE STATE DAIRY COMMISSION

At the direction and authorization of the legislative commission, a legislative audit was performed on the dairy commission.

The legislative auditor met with the subcommittee and coordinated his efforts with the special informational needs of the subcommittee. In addition to the normal review of an agency's financial transactions and its compliance with the requirements of law, the subcommittee requested that the audit focus particularly on the following:

- A. A review of efficiency and economy in the use of resources.
- B. A review to determine whether desired results are effectively achieved.
- C. A review of the qualifications and assigned duties of the dairy commission staff and how it functions.

The subcommittee deferred the question: "How should the dairy commission be funded?" until the subcommittee had the benefit of the legislative audit.

With regard to the financial condition of the dairy commission, the legislative audit revealed that personnel expenditures were held reasonably constant from fiscal year 1973 to 1975 only by reducing the staff of the dairy commission from 11 to 7 full-time positions. The current staffing is as follows:

- A. One executive director.
- B. Three senior accountants.
- C. One area supervisor for Las Vegas.
- D. Two clerk stenographers.

According to the legislative auditor, prior to June of 1975, the dairy commission had two field investigators whose positions are no longer filled.<sup>12</sup>

The dairy commission's primary source of revenue comes from assessments from producers and distributors on various dairy products. Retailers pay no assessments whatsoever on dairy products. Milk volume and usage determines the amount of the assessment due the dairy commission.

The rates of these assessments are as follows:

- A. One cent per pound of milk fat contained in fluid milk.

Note: This assessment is paid by the distributor, of which one-half is deducted from payments due producers of fluid milk.

- B. One-half cent per pound on all butter distributed.
- C. Two cents per gallon on all ice cream distributed.
- D. One-fourth cent per pound on all cottage cheese distributed.

Note: Assessments B, C, and D are paid entirely by the distributor.

The legislative auditor states that he was unable to determine the accuracy of the stated assessment revenue due to the infrequency of revenue assessment field audits by the dairy commission staff.<sup>13</sup>

Of particular interest to the subcommittee were several recommendations included in the legislative audit report of the dairy commission. While the report notes that commission staff is qualified and capable of performing their respective jobs,<sup>14</sup> it points out that many of the technical staff duties are performed infrequently or have not been performed recently.<sup>15</sup> (See Appendix A for list of duties of technical staff.) Consequently, the legislative auditor recommends that the dairy commission review staff duties and assign priorities in order to meet statutory requirements and commission needs.<sup>16</sup>

Regarding the accuracy of assessment statements by distributors, the legislative auditor recommends that the dairy commission perform usage assessment audits to ascertain if all assessments are received and to determine if the price paid to the producer corresponds to usage. The report notes that there have been no dairy commission field revenue audits since 1971.

Finally, the legislative auditor recommends that the dairy commission develop uniform cost survey procedures for staff to use in developing information for the commission's use in establishing or amending stabilization and marketing plans. Along with this recommendation was the general

recommendation that the dairy commission consider how its staff can be best utilized in providing information for making stabilization and marketing plan decisions.<sup>17</sup> These recommendations were made on the basis of the legislative auditor's review of three cost surveys performed by dairy commission staff at distributor-processing plants. This review revealed the following deficiencies:

- A. Lack of current standard survey procedures.
- B. Lack of uniformity in the development of product costs.
- C. Lack of documentation of followup procedures on problems discovered in commission surveys.
- D. Lack of documentation of review procedures upon completion of the survey.<sup>18</sup>

In response to the preliminary report of the legislative auditor, Clarence J. Cassady, executive director of the dairy commission, responded that all suggested recommendations had been performed in the past. Mr. Cassady explained the reduction in performance of duties as a function of inflation and low revenue rates fixed by statute. The dairy commission's suggestions for changes in NRS provisions relating to assessments to the subcommittee are as follows:

- a. The commission shall assess each distributor of butter the sum of (one-half) ONE cent per pound on all butter distributed by such distributor.
- b. The commission shall assess all distributors of fresh dairy byproducts the sum of (2) FOUR cents per gallon on all ice cream, sherbet, or ice cream or ice milk mixes, and the sum of (one-fourth) ONE-HALF cent per pound on all cottage cheese, AND YOGURT distributed by such distributors.

Note: It is estimated that this would amount to approximately One Hundred Twenty-one Thousand Dollars, sufficient to increase the staff by four positions. All butter and yogurt is imported from out of state, as is more than two-thirds of the cottage cheese and about forty percent of the ice cream.

The legislative auditor's analysis of this proposal estimates that revenue would increase by \$117,112.

The chart below was prepared by the legislative auditor and illustrates the increases in revenue to the dairy commission if its proposed rate schedule is accepted.

ANALYSIS OF ESTIMATED REVENUE INCREASE IF NRS 584.633 IS AMENDED AS PROPOSED			
<u>Revenue</u>	<u>Actual Revenue FY 75-76</u>	<u>Estimated Revenue If Amended</u>	<u>Increase</u>
Milk and cream	\$ 81,037	\$ 81,037	-0-
Ice cream	75,498	150,996	\$ 75,498
Butter	24,231	48,462	24,231
Cottage cheese	10,883	21,766	10,883
Yogurt	-0-	6,500	6,500
 Total Assessments	 191,649	 308,761	 117,112
 Distributor Licenses	 480	 480	 -0-
 Penalties	 1,057	 1,057	 -0-
	<u>\$193,186</u>	<u>\$310,298</u>	<u>\$117,112</u>

## VI. FINDINGS AND RECOMMENDATIONS

Based on information presented at public hearings, from the attorney general's report and from the legislative auditor's report, the subcommittee made decisions on the following questions:

- A. What are the alternatives to a dairy commission and is the continued existence of the dairy commission justified?

This question was the most basic issue which the subcommittee faced in its deliberations. While many of the

respondents to the subcommittee's questionnaire were dissatisfied with the way the commission was operating and the personalities involved, the majority of those responding favored the continuation of the state dairy commission.\* At a public hearing, Dr. Joseph Stein, associate director of the cooperative extension service, University of Nevada, Reno, entered as an exhibit a paper on the Nevada dairy industry which argues that the free market method of setting prices for dairy products is unsatisfactory. From the producer's point of view, the perishable nature of the product makes it impossible for him to store it for marketing at optimum times.

While the amount of milk produced fluctuates seasonally, demand is fairly constant. From the consumers' vantage point, when milk is scarce on the free market high prices may exclude low income buyers. Furthermore, in times of abundance, the consumer would benefit only marginally since he cannot buy up large quantities of the product for future use.<sup>19</sup>

Producers agreed at public hearings that the dairy commission's continued existence is necessary for the protection of the Nevada dairy industry, particularly the small independent producer and retailer. Mr. Al Tamagni of Sav-Time, Inc. of Reno advocated letting supply and demand determine milk prices just as it does for other foods such as fresh vegetables.<sup>20</sup> Mr. Charles Levinson, president of the consumers league of Nevada, also stated that the abolishment of the state dairy commission would almost eliminate the small producer.<sup>21</sup>

Another argument put forth by the dairy industry in support of the dairy commission is that without minimum milk prices large out-of-state corporations would be willing to sell milk below cost to get consumers into their retail chain stores. The loss would be made up on other items in the store.

\* A tabulation of responses to the subcommittee's questionnaire is on file in the library of the Legislative Counsel Bureau.

Finally, the argument was made that the alternative to state price controls on milk is a statewide federal milk marketing order. It should be noted that minimum milk prices are set at some level in the vast majority of states by either state or federal regulation (see Appendices B and C). Most Nevada producers stated that they preferred state control over federal control because of the accessibility of the state dairy commission. Mr. Herb Witt, western Nevada dairy farmer and a member of the farm bureau dairy producer's council, argued against a federal order on the grounds that a federal marketing order would not be based on the cost of milk production in Nevada.<sup>22</sup> Independent producers from southern Nevada, where a federal milk order exists, pointed out that federal orders tend to be followed by the creation of cooperatives comprised of producers from more than one state. Even small cooperatives are generally members of very large federated cooperatives. The subcommittee agreed that control over milk marketing in Nevada should remain under state control.

Therefore, the subcommittee recommends that:

1. The continued existence of the dairy commission is justified to protect the dairy industry and the public interest in the State of Nevada.

Pursuant to the decision to recommend the continued existence of the dairy commission, the subcommittee discussed the need for periodic review of the dairy commission and other similar agencies to evaluate the justification for their existence and their performance.

In light of recent controversy surrounding the dairy commission, the subcommittee expressed its desire that the 1979 legislature perform a complete review of the dairy commission. After a lengthy debate on the best means to require a review, the subcommittee chose to recommend a "sunset" mechanism of insuring a revaluation of the dairy commission. Sunset laws generally provide that agencies of government expire at a specified time unless they justify their existence to the legislature. In this manner, the burden of proof rests upon the agency rather than upon the legislature.

Therefore, the subcommittee recommends that:

2. All Nevada Revised Statutes provisions relating to the state dairy commission expire effective July 1, 1979.  
(Pages 45, 48)
- B. What should the composition and structure of the commission be?

Prior to the restructuring of the dairy commission by the 1975 legislature, criticism was levied against the commission for its allegiance to and domination by the dairy industry. According to testimony presented to the subcommittee, commission members submitted and voted on petitions for price raises on milk.<sup>23</sup> Even after the balancing of the commission between four industry members and four consumer members, a possible conflict of interest existed at one time between two industry members, one of whom sold his milk to another.<sup>24</sup> The four-four split between industry and consumer members further gave rise to the likelihood of deadlocked decisions. It was also suggested that consumer members of the commission might vote to benefit the general public regardless of the impact on the industry.

While the presence of industry members on the commission creates a potential conflict of interest situation, lay consumer members received criticism for being unknowledgeable of the dairy industry and of economics and marketing practices generally. Responses to the subcommittee's questionnaire on the composition of the dairy commission revealed a strong concern that commission members in the future be people "who understand the industry," who are "more knowledgeable about the dairy industry" and who are "knowledgeable in accounting and business."<sup>25</sup>

In addition to its concern about the level of technical expertise on the dairy commission, the subcommittee addressed itself to the question of removal of commission members who misuse their office. The subcommittee agreed that the governor should make appointments and that terms should be fixed to insure members' independence. It was the view of the subcommittee, however, that the governor should have the power to remove commissioners for malfeasance in office or neglect of official duties.

Another problem regarding the commission which came forth at public hearings was a structural one. Commission members indicated that they were not getting access to information prior to hearings in order to evaluate properly material and make decisions. The commission's legal counsel suggested that the problem arose in part from the Administrative Procedure Act which may prevent the commission from serving as investigator and judge.<sup>26</sup>

While the subcommittee readily agreed on the need for a commission with greater financial expertise, considerable discussion took place on how to improve the structure of the commission. Suggestions were made to set up a two-tiered dairy regulating body like the gaming board and commission, with one arm serving as the investigating section and the other serving as the policymaking division. Consideration was given to setting up a full-time professional dairy commission patterned after the public service commission. Subcommittee members felt that a professional commission would insure greater dedication, expertise and objectivity, as well as prevent delays in holding hearings to establish marketing plans. On the other hand, the subcommittee questioned the cost and justification for a full-time salaried commission.

Therefore, the subcommittee recommends that:

3. The dairy commission be restructured as follows:

- (a) The commission will be made up of three members, one each who has a background in agricultural economics, accounting and finance or banking, and none of whom is connected to the dairy industry.
- (b) The commission will operate much as the present dairy commission with part-time commissioners and full-time staff.
- (c) Commission members will be appointed by the governor for a term of 3 years on a staggered basis. The first three-member commission to be appointed as follows:
  - (1) One member for 1 year.

(2) One member for 2 years.

(3) One member for 3 years.

A new member can be appointed or an old member can be reappointed as each member's term of office expires.

(Pages 34, 35, 36)

4. The governor shall have the authority to remove commission members for malfeasance in office or neglect of duties.  
(Page 36)

C. How should the commission be funded?

The subcommittee discussed this question as it debated the question on the composition and structure of the commission. Had the members voted to establish a full-time professional commission similar to the public service commission, a substantial increase in funding would have been necessary. Even with a part-time commission, however, funding remains an issue. Testimony at the public hearings and discussions with the executive director of the state dairy commission indicated that the scope of staff activity has been limited because of limited funding.

As previously noted, the dairy commission is funded entirely by assessments on dairy producers and distributors and by license fees. No general fund moneys are appropriated to the commission. Responses to this question as posed by the subcommittee's questionnaire varied from persons feeling the current funding plan is adequate, to those who believed retailers should also be assessed, to persons who felt the consumer should also assist in the funding. Questionnaire responses suggested that the latter goal be accomplished by appropriating some general fund money to the commission.<sup>27</sup>

At its first work session, the subcommittee voted to defer action on this question until it received the legislative audit of the dairy commission. Subcommittee members requested that in addition to the general financial condition of the commission, the audit should single out cost figures related to the commission's administration, personnel and commission members.

On the basis of data contained in the legislative audit of the state dairy commission, members of the subcommittee concluded that additional funding is warranted. Specifically, the subcommittee noted the numerous technical staff duties which have not been performed recently or at all because of limited staff.

Rather than allocate general fund money to the commission, the subcommittee accepted the dairy commission's proposal to increase assessment rates on nonfluid dairy products assessed. These increased assessments would fall primarily on products manufactured out of state. The legislative audit report indicates that with assessments at the proposed level the dairy commission can augment its staff by four positions.

Therefore, the subcommittee recommends that:

5. The following changes in assessment rates on dairy products be made:

(a) Assessments paid by distributors on butter be increased from one-half cent per pound to 1 cent per pound.

(b) Assessments paid by distributors on ice cream, sherbert and ice cream or ice milk mixes be increased from 2 cents per gallon to 4 cents per gallon.

(c) Assessments paid by distributors on cottage cheese be increased from one-fourth cent per pound to one-half cent per pound.

(d) Yogurt shall be assessed at the rate of one-half cent per pound.

(Page 43)

D. What are the powers and duties of the executive director?

The role of the executive director of the dairy commission is a subject that surfaced throughout the course of the subcommittee's study. The attorney general's report strongly criticizes the executive director for not properly utilizing staff resources,<sup>28</sup> for acting as hearing officer for the commission,<sup>29</sup> for using the numerous powers delegated to him to hinder commission activities,<sup>30</sup> for giving unsworn and unsolicited testimony at public

hearings of the commission<sup>31</sup> and for watering down minutes of commission meetings.<sup>32</sup> Testimony before the subcommittee also reflects dissatisfaction with the executive director, but ultimate responsibility for his actions is placed with the commission.<sup>33</sup> The consensus of the subcommittee was that the executive director should not act as hearing officer for the commission. Insofar as other powers and duties are concerned, the subcommittee decided to leave that delegation of responsibility to the commission as is currently set forth in the statutes. In order to insure maximum accountability and efficiency of staff, the subcommittee agreed that the dairy commission, without approval of the governor, should hire and fire the executive director. The executive director, in turn, should have the authority to hire and fire staff members.

Therefore, the subcommittee recommends that:

6. The powers and duties of the executive director will be as follows:

(a) The executive director will be given authority to hire and fire staff members.

(b) The executive director will not be the hearing officer. The three commissioners will sit as hearing officers with two concurring on any affirmative action.

(c) All other powers and duties of the executive director, as provided in the statutes, will remain the same.

(Pages 36, 37)

E. What should petition procedure for hearings be?

This question arose out of industry dissatisfaction over the length of time involved in the amending of stabilization and market plans to effect price changes. In particular, producers contended that cost factors such as hay or grain change much more rapidly than minimum milk prices.

There are three ways to grant a hearing on proposed changes in market orders:

1. The commission may do so on its own volition; or

2. Fifty-five percent of dairy producers may petition for a hearing; or
3. A petition may be presented to the commission to hold a hearing.

It is the third method which requires considerably more time to amend a market plan. Basically, the procedure as it currently exists is as follows:

1. Petitioner files requesting an amendment of a stabilization and marketing plan.
2. The secretary of the dairy commission must notify commission members of the hearing on the petition 20 days prior to the hearing. (This notice provision was added to the statutes by the 1975 legislature to insure that commission members have ample time to familiarize themselves with petitions.)
3. If the hearing on the petition results in the setting of a hearing date to amend a market order, notice of the upcoming hearing must be published for 5 successive days or 2 weeks, depending on the existence of daily or weekly publications in an area, in newspapers of general circulation. The hearing may not be held prior to 10 days following the last publication of notice.
4. If such hearing results in a change of marketing plan, any resulting price change takes place within 30 days.
5. Distributors changing the price they charge for milk must file such change with the commission. The change is effective 7 days after the first filing of price to be charged by distributor.

The subcommittee agreed that the current petition procedures for obtaining a hearing on an amendment or termination of a stabilization and marketing plan are cumbersome and subject to various interpretations. A controversy exists on whether or not NRS 584.522 requires a hearing to be held to determine the sufficiency of a petition and then a hearing for the actual amendment to the plan.

While recognizing the problems to the industry of amending a stabilization and marketing plan, it was the consensus of the subcommittee that in order to provide for consumer representation at hearings of the dairy commission, that notice of any dairy commission hearing should also be given the state consumer affairs division. Furthermore, the subcommittee felt that the burden of proof for minimum milk price changes should rest on the applicant.

Therefore, the subcommittee recommends that:

7. The hearing procedures for an amendment or termination of a stabilization and marketing plan provide:

- (a) The commission may hold a hearing at any time.
- (b) The commission is required to hold a hearing if a proper petition is presented.
- (c) The requirement that a petition be signed by not less than 55 percent of the producers be eliminated.
- (d) Notice of hearing must be sent to the consumer affairs division, department of commerce; and, the consumer affairs division given authority, through petition to intervene and testify at any dairy commission hearing.
- (e) After notice of hearing has been given, the hearing will proceed by the applicant's testifying first with the burden of proof and then the commission staff will respond.

(Pages 34, 38, 39, 40, 41)

F. What are the duties of the dairy commission staff?

This question arose in response to testimony received by the subcommittee that decisions by the dairy commission had been made without sufficient information.<sup>34</sup> When asked about staff studies on distributors, executive director Clarence Cassady responded that "time had been a factor occasionally and that the commission would accept testimony from a few distributors."<sup>35</sup>

The subcommittee expressed its concern that possibly the dairy commission staff lacked the technical expertise to perform its duties or that there simply were not enough professional staff members to provide the commission with an adequate data base for decisions on price setting. Noting that the burden should rest on the dairy industry to support its requests for price changes with facts and figures, the subcommittee agreed that it was also necessary to have commission and staff with the sophistication to evaluate industry's data.

An additional concern of the subcommittee, in light of the commission's increased legal activity, was the role of the commission's legal counsel. Currently, its legal counsel is employed on a consulting basis. If the authorization for legal counsel for the dairy commission in NRS 584.685 is removed, the commission would be required to utilize the attorney general's office when legal services are needed.

Armed with the attorney general's report which expressed the opinion that staff below the executive director level were competent, the subcommittee requested that the legislative audit include an examination of the capability of dairy commission staff. As previously mentioned, that audit subsequently revealed that although many technical staff duties were not being accomplished, "\* \* \* the dairy commission's staff meets the qualifications and are capable of performing their respective job requirements."36

Therefore, the subcommittee recommends that:

8. The dairy commission staff should be utilized as follows:
  - (a) The dairy commission should use the services of the attorney general, rather than employ independent legal counsel.
  - (b) The dairy commission is mandated to set standards of developing cost criteria and drawing regulations.
  - (c) The staff of the dairy commission will present evidence and background information at hearings.

(Pages 33, 41, 45)

- G. Should statutory provisions outline what information is given to and released from dairy commission staff?

What information should be kept confidential and from whom was an issue which recurred throughout the subcommittee's hearings. The problem is a two-pronged one. First, a question exists as to what information staff may keep confidential from the commission prior to hearings. Evidently some confusion exists on the part of commission members and staff regarding the possibility of commission members' violating the Administrative Procedure Act by viewing investigatory material prior to sitting in a quasi-judicial capacity in hearings on the material.

Secondly, what information in possession of the commission should or would not be available to the public was an issue which emerged in the course of public hearings. For example, releasing specific and detailed cost data submitted by a member of the dairy industry could cause damage in a competitive business.

On the other hand, the subcommittee pointed out that when an industry asks the state for protection, the public has a right to know the facts on which that protection is based. Commission staff stated that information from industry members can be released in chart form with industries simply identified as A, B, C, D, and so forth. Furthermore, it was noted that Nevada Revised Statutes already provides that certain cost records and reports made to the dairy commission are confidential unless divulging them is necessary for the proper determination of court proceedings or hearings before the commission. The subcommittee agreed that no change should be made in the confidentiality section of the law.

- H. At what level(s) of the dairy industry should the dairy commission set minimum prices?

Many of the arguments surrounding this question are the same ones which emerged during discussion over the justification of the existence of a state dairy commission. The basic reason put forth for setting minimum milk prices at all levels is that this action is necessary to protect the Nevada dairy industry--from independent producers to small "mom and pop" retail stores. This line of reasoning is based on the premise that without

minimum prices extending to the retail level, large out-of-state chain corporations will ship milk in from California and be able to sell it more cheaply than Nevada stores, either because costs are actually lower or because they are willing to sell below cost on this one item until the market is captured. Another argument is that while these large chain stores might be willing to serve the metropolitan areas of the state, once they took over milk production and distribution in Nevada they might not serve the small rural areas of the state. The situation was summed up by a southern Nevada producer who explained that the independent producers of Nevada make the case for price setting at the distributor and retail levels as well because these prices better insure an outlet for his milk.<sup>37</sup>

The commissioner of consumer affairs speaking to the subcommittee advocated setting minimum milk prices only at the producer level. His reasons were that the commission had set no guidelines for ascertaining what reasonable costs and profits should be at the retail level. Furthermore, he cited the absence of retailers from commission hearings on price hikes as indicative of their indifference. Arbitrarily setting distributor prices on the basis of a fixed percentage of costs, he felt, caters to the inefficient and offers no incentive to cut costs.<sup>38</sup>

Subcommittee members agreed that milk should not be allowed to be sold below cost to the benefit of chain stores willing to sustain losses temporarily to the detriment of the Nevada dairy industry. The subcommittee further believed that the dairy commission, as constituted in its proposal, should have the flexibility to apply its expertise to specific situations.

Therefore, the subcommittee recommends that:

9. The dairy commission be given the authority, but not the mandate, to set minimum prices at any or all levels of the dairy industry. If the commission chooses to set statutory minimum prices, existing guidelines should be followed. (Pages 33, 41, 42, 43)

- I. Are statutory provisions needed to determine discounts to governmental organizations?

Testimony before the subcommittee revealed that as a result of dairy commission action, a 5 percent discount on milk, plus 1 percent discount for prompt payment, was standard practice in sales to public and private schools and hospitals.<sup>39</sup> Subcommittee members and their legal staff questioned the authority for fixed discounts to government entities, including schools and hospitals, since NRS 584.583 provides that distributors must sell at list prices filed with the commission, except in the case of bids to federal, state or local governments. Furthermore, discounts to private schools and hospitals would have to be authorized by commission action. It was the consensus of the subcommittee that no changes were needed in the statutes regarding discounts to governmental organizations.

- J. Are statutory provisions needed to protect the dairy farmer who belongs to a cooperative?

In the course of its hearings in southern Nevada, the subcommittee became aware of the concern among certain dairy producers over the power of cooperatives, especially the Lake Mead cooperative with its controlling membership in Utah and its own membership tied into a large umbrella cooperative, Western Dairymen Cooperative, Inc. As discussed in the background section of this report, the chief source of complaint about cooperatives is a money issue. All southern Nevada producers, whether cooperative association members or not, have experienced a drop in the Class I usage of their milk since the advent of the Lake Mead cooperative. Because cooperatives draw on several states for their milk supply, more milk is now available to the southern Nevada area than before. Consequently, less milk goes into fluid use and more into byproduct use. Since prices are higher for fluid milk, a decline in Class I usage means lower milk prices for producers, especially independents. Most cooperative members, by having an interstate marketing device, may make up in volume sales what loss they suffer by lower prices for their milk.

Certain cooperative association members, however, are less than satisfied with certain aspects of cooperative

management practices. One southern Nevada producer told the subcommittee that he had been a member of a small cooperative which had merged with a much larger association. He felt he had no voice in the merger and no control over the financial arrangements.<sup>40</sup> Cooperatives assess members for costs such as administration and transportation. Furthermore, as much as 80 percent of member profits may be paid in certificates which are redeemable over a specified period of time.

The subcommittee agreed that cooperative members have the right to a regular and detailed accounting of where each member's dollar goes. Recognizing that the concern about cooperatives revolves around the power of interstate associations, the subcommittee acknowledged that the situation will require action by the Federal Government.

Therefore, the subcommittee recommends that:

10. A resolution be drawn memorializing the U.S. Congress to enact H.R. 9498. (Pages 49, 50)

This federal bill sets forth requirements for an accounting by cooperatives to its members and also specifies instances when cooperative members must vote prior to action by the management of the association. The bill also contains certain antitrust provisions and protections for producers who are not members of the association.

The subcommittee further directed staff to send a letter to the attorney general stating that the subcommittee staff had made a survey and it appeared that all cooperatives, except Lake Mead cooperative, had filed with the secretary of state as corporations doing business within the State of Nevada.

- K. 1. Are statutory provisions needed to control conflict of interest, kickbacks, discounts, equipment leasing arrangements and availability of records?
2. Should penalties for violations of NRS pertaining to the dairy industry be changed?

These two questions were discussed together as the subcommittee reviewed the alleged abuses committed by certain dairy distributors and retailers. At the subcommittee's Las Vegas hearing and at its meeting with the dairy commission and staff, the subcommittee learned of the two basic methods by which certain retailers of dairy products effectively paid less for milk than the list price posted by distributors with the dairy commission. In northern Nevada, the practice essentially involved certain retailers paying certain distributors the established price for milk and then getting a portion of that money refunded.<sup>41</sup> In the southern Nevada area, however, unfair trade practices were more subtle. Apparently certain retailers paid the established price for milk but then turned around and charged certain distributors a fee for renting shelf space in their stores.<sup>42</sup>

With regard to the unfair trade practices of discounts, kickbacks and equipment or shelf leasing arrangements, it was the consensus of the subcommittee that the statutes already state clearly that these acts constitute unfair trade practices as specified in NRS 584.570. The subcommittee felt that the attorney general's findings should be included in the subcommittee report for the public record (see Section IV of this report).

With regard to possible conflict of interest of industry members serving on the commission, the subcommittee felt that the proposed reconstruction of commission membership to a board of three nonindustry related persons would resolve that problem. The subcommittee also agreed that insofar as statutory provisions are concerned, the availability of records from the industry is provided for in sections requiring filing of reports by distributors (NRS 584.583), requiring the commission to gather necessary information from all segments of the industry (NRS 584.665), permitting the commission to examine records and take testimony pursuant to price investigations (NRS 584.590), general authorization permitting the commission to look at dairy industry records of transactions (NRS 584.505) and empowering the commission to take depositions and issue subpoenas (NRS 584.470).

The second part of the unfair trade practices question concerned the adequacy of penalties for violations of NRS regarding such practices as the aforementioned rebates.

The executive secretary and the chairman of the state dairy commission informed the subcommittee that under current Nevada law the dairy commission has no flexibility regarding penalties. The minimum and maximum penalty per violation is \$500 and suspension or revocation of licenses.<sup>43</sup> The subcommittee agreed that the law was inflexible on the subject of penalties. The further consensus of the subcommittee was that for certain cases, the penalty was too low.

Therefore, the subcommittee recommends that:

11. Penalties for violations pertaining to the dairy industry in NRS should be changed so that penalties can be imposed up to \$1,000 per violation, with discretion given to the minimum amount fined. (Page 44)

In its deliberations over the illegal practices of Nevada's dairy industry, the subcommittee sought a way to return money collected pursuant to the attorney general's complaints to the people of the State of Nevada. The subcommittee determined that the only feasible manner to accomplish this compensation is for the legislature to enact legislation transferring these funds from the dairy commission fund to the state general fund.

Therefore, the subcommittee recommends that:

12. The dairy commission be notified of its sentiments regarding disposition of money received or forthcoming as a result of the attorney general's recent investigations into illegal practices in the dairy industry. In the subcommittee's opinion, that money should not be spent by the dairy commission for any purpose.
13. Legislation be enacted transferring to the general fund any money collected by the state dairy commission pursuant to the complaints of the attorney general filed April 5, 12, 19 and 26 of 1976. (Pages 46, 47, 48)

RECOMMENDED LEGISLATION



SUMMARY--Changes various provisions relating to state dairy commission. (BDR 51-101)

Fiscal Note: Local Government Impact: No.

State or Industrial Insurance Impact: No.

AN ACT relating to the state dairy commission; altering the composition and duties of the commission; changing the duties of the executive director; making it discretionary for the commission to establish minimum prices for certain milk products; requiring the commission to adopt certain regulations; changing the penalty provision; requiring notice of public hearing to be sent to the consumer affairs division of the department of commerce; increasing certain assessments; appropriating to the state general fund moneys received for certain penalties; repealing, effective July 1, 1979, all provisions relating to the state dairy commission; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND  
ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 584 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this act.

Sec. 2. The commission shall adopt regulations establishing procedures for:

1. Its administration and government;
2. The formation and adoption of stabilization and marketing plans;
3. The conduct of its public hearings; and
4. The manner in which cost information required of producers, distributors, producer-distributors and retailers is determined and presented to the commission.

Sec. 3. 1. Written notice of any hearing held by the commission shall be mailed to the consumer affairs division of the department of commerce.

2. The division may file with the commission any statement concerning the proposed action and may appear at the hearing to give evidence concerning the proposed action.

Sec. 4. NRS 584.390 is hereby amended to read as follows:

584.390 The production and distribution of fluid milk and of fluid cream is hereby declared to be a business affected with a public interest. The provisions of NRS 584.325 to 584.690, inclusive, and sections 2 and 3 of this act are enacted in the exercise of police powers of this state for the purpose of protecting the health and welfare of the people of this state.

Sec. 5. NRS 584.420 is hereby amended to read as follows:

584.420 [1. There is hereby created the state dairy commission of the State of Nevada in which shall be vested the administration of the provisions of NRS 584.325 to 584.690, inclusive.

2. The commission shall consist of eight members appointed by the governor. The members shall select a chairman from among their number.] The state dairy commission, consisting of three members, is hereby created.

Sec. 6. NRS 584.425 is hereby amended to read as follows:

584.425 1. [Except as provided in subsection 2, each member of the commission shall serve for a term of 4 years.

2. As soon as convenient after July 1, 1975, the governor shall appoint:

- (a) Two members whose terms expire June 30, 1976;
- (b) Two members whose terms expire June 30, 1977;
- (c) Two members whose terms expire June 30, 1978; and
- (d) Two members whose terms expire June 30, 1979.

One consumer member shall be appointed into each of these classes, and the two producer members shall be appointed into different classes.

3. Any vacancy shall be filled by appointment for the unexpired term.] Members of the commission shall be appointed by the governor and shall have the following qualifications:

- (a) One member shall be a certified public accountant who has been issued a certificate pursuant to the laws of this state;
- (b) One member shall be an agricultural economist; and
- (c) One member shall be experienced in banking or finance.

2. After the initial terms, members shall serve for terms of 3 years. A vacancy shall be filled for the unexpired term in the same manner as the original appointment.

3. The members shall select a chairman from among their number.

4. A member of the commission shall not have any connection with any segment of the dairy industry.

5. The governor may remove a member of the commission for malfeasance in office or neglect of duty.

Sec. 7. NRS 584.440 is hereby amended to read as follows:

584.440 1. The members of the commission shall meet [at such times and at such places as shall be specified by the call of the chairman or a majority of the commission; but a meeting of the commission shall be held] at least once every 3 months [.] and may meet at the call of the chairman or at the request of a majority of the members of the commission.

2. [Five members of the commission shall constitute a quorum and such quorum may exercise all the power and authority conferred on the commission; but no rules or regulations shall be adopted, amended or rescinded except by a majority vote of the entire membership of the commission.

3. The commission shall prescribe reasonable rules and regulations for its own management and government and for the conduct of public hearings required by NRS 584.325 to 584.690, inclusive, and it shall have only such powers and duties as authorized by law.] The commission shall conduct all hearings authorized pursuant to NRS 584.325 to 584.690, inclusive, and sections 2 and 3 of this act.

3. A majority of the members constitutes a quorum and a majority vote of the commission is required on all action taken by the commission.

Sec. 8. NRS 584.455 is hereby amended to read as follows:

584.455 1. The commission [, with the approval of the governor,] shall appoint an executive director, who shall serve ex officio as-its secretary. [The commission may arrange and classify its work and]

2. The executive director may appoint such assistants, deputies, agents, experts and other employees as are necessary for the administration of NRS 584.325 to 584.690, inclusive, and sections 2 and 3 of this act, prescribe their duties and fix their salaries in accordance with classifications made by the personnel division of the department of administration.

[2.] 3. The executive director shall be in the unclassified service of the state. All assistants, deputies, agents, experts and other employees shall be in the classified service pursuant to the provisions of chapter 284 of NRS.

[3.] 4. The executive director may be removed by [a vote of six members of the commission. The commission need not seek the approval of the governor prior to removing the executive director.] the commission.

Sec. 9. NRS 584.495 is hereby amended to read as follows:

584.495 The commission shall enforce the provisions of NRS 584.325 to 584.690, inclusive, and sections 2 and 3 of this act and any stabilization and marketing plan initiated pursuant to the provisions of NRS 584.325 to 584.690, inclusive, [and for that purpose may make such rules and regulations as it shall deem necessary.] and sections 2 and 3 of this act.

Sec. 10. NRS 584.520 is hereby amended to read as follows:

584.520 1. [The] In addition to procedures provided for in subsections 3 and 4, the commission may amend or terminate any stabilization and marketing plan, after notice and public hearing as prescribed in NRS 584.550 to 584.565, inclusive, if it finds that such plan is no longer in conformity with the standards prescribed in, or will not tend to effectuate the purposes of, NRS 584.325 to 584.690, inclusive [.] , and sections 2 and 3 of this act.

2. Such hearing may be held upon the motion of the commission and shall be held [upon receipt of a petition signed by producers representing not less than 55 percent of the total number of all of the producers and not less than 55 percent of the total production of all producers who are eligible to petition the commission for the formulation of such plan.] if a proper petition is filed.

3. [Notwithstanding the provisions of subsections 1 and 2 of this section, if the] If producers wish to abandon an existing stabilization and marketing plan and establish a Federal Milk Marketing Order or other similar type of milk marketing order, the commission may continue a marketing and stabilization plan in effect for any given area, insofar as wholesale and retail provisions are concerned, whenever it appears that 55 percent of the distributors in any given area, whose major interest in the fluid milk and fluid cream business consists of at least 55 percent of the fluid milk and fluid cream distributed within the area by volume, desire that the wholesale and retail provisions, including price regulations, be continued.

4. [Notwithstanding the provisions of subsections 1, 2 and 3 of this section, areas] Areas which are nonproducing may terminate a stabilization and marketing plan [insofar as it] which affects wholesale and retail prices [providing that] if 55 percent of the licensed distributors delivering 55 percent of the products to such area wish to terminate such plan after notice and public hearing as prescribed in NRS 584.550 to 584.-565, inclusive.

Sec. 11. NRS 584.522 is hereby amended to read as follows:

584.522 1. [Any petition requesting a hearing for the amendment of a stabilization and marketing plan shall be filed

in ten copies and include:] An amendment or termination of a stabilization and marketing plan may be initiated by filing a petition with the commission. The petition, filed in ten copies, shall include:

(a) The name and address of every person joining in the petition. If the petitioner is a cooperative association of producers, a partnership or corporation the names of the duly authorized representative or representatives thereof shall be listed.

(b) A concise statement of the specific relief requested.

(c) A specific statement of the reasons why such relief is needed.

(d) A statement of the substantiating evidence.

2. The petition shall be signed by the petitioners and an affidavit shall accompany each such petition setting forth that the facts set forth therein are true and correct to the best of the petitioners' knowledge, information, and belief.

3. There shall be attached as an exhibit to the original copy only of each petition filed substantiating evidence in support of such petition. Additional information shall be supplied to the commission upon request.

4. Any person may, before the hearing, examine a copy of the petition and accompanying statements, but not the exhibits

attached thereto and file an answer, protest or any other statement concerning the petition \_ [, and may appear at the hearing to give evidence in support of or in protest of the petition.

5. Additional copies of the petition must be available for distribution at the scheduled hearing.

6. At least 20 days before the date set for the hearing, the secretary shall mail a notice of the date and a copy of the petition to each member of the commission.]

5. At the hearing, the burden of proof is on the petitioners to show by clear and satisfactory evidence that the amendment or termination of a plan is necessary.

6. After the petitioners have presented their evidence, the commission staff shall, and any other person may, present evidence in support of or in protest of the proposed action.

Sec. 12. NRS 584.568 is hereby amended to read as follows:

584.568 1. Each stabilization and marketing plan [shall] may contain provisions fixing the price at which fluid milk and fluid cream [may be] is sold by producers, distributors and retailers and shall contain provisions regulating all discounts allowed by producers, distributors and retailers.

2. [In determining the] If the commission establishes minimum prices to be paid by distributors to producers the commission shall consider, but not be limited to, the following factors:

- (a) Cost of production.
- (b) Reasonable return upon capital investment.
- (c) Producer transportation costs.
- (d) Cost of compliance with health regulations.
- (e) Current and prospective supplies of fluid milk and fluid cream in relation to current and prospective demands for such fluid milk and fluid cream.

3. [In determining the] If the commission establishes minimum prices to be paid by retailers to wholesalers and by consumers to retailers the commission shall consider, but not be limited to, the following factors:

(a) The quantities of fluid milk or fluid cream, or both, distributed in the marketing area covered by the stabilization and marketing plan.

(b) The quantities of fluid milk or fluid cream, or both, normally required by consumers in such marketing area.

(c) The cost of fluid milk or fluid cream, or both, to distributors and retail stores, which in all cases shall be, respectively, the prices paid by distributors to producers and the minimum wholesale prices, as established pursuant to NRS 584.325 to 584.690, inclusive [.] , and sections 2 and 3 of this act.

(d) The reasonable cost of handling fluid milk or fluid cream, or both, incurred by distributors and retail stores, respectively,

including all costs of hauling, processing, selling and delivering by the several methods used in such marketing area in accomplishing such hauling, processing, selling and delivering, as such costs are determined by impartial audits of the books and records, or surveys, or both, of all or such portion of the distributors and retail stores, respectively, of each type or class in such marketing area as are reasonably determined by the commission to be sufficiently representative to indicate the costs of all distributors and retail stores, respectively, in such marketing area.

Sec. 13. NRS 584.633 is hereby amended to read as follows:

584.633 1. The commission shall assess each distributor of butter the sum of [one-half] 1 cent per pound on all butter distributed by such distributor.

2. The commission shall assess all distributors of fresh dairy byproducts the sum of [2] 4 cents per gallon on all ice cream, sherbet, or ice cream or ice milk mixes, and the sum of [one-fourth] one-half cent per pound on all cottage cheese [,] and yogurt distributed by such distributors.

3. Assessments under this section shall be paid to the commission on or before the 15th of the month following the month during which the butter or fresh dairy byproducts were distributed. Late payments [shall be] are subject to the same penalty as that provided by subsection 4 of NRS 584.635.

Sec. 14. NRS 584.670 is hereby amended to read as follows:

584.670 1. The violation of any provision of NRS 584.325 to 584.690, inclusive, and sections 2 and 3 of this act, or of any stabilization and marketing plan, including [the] any price requirements of such plan, or of any of the unfair practice provisions set forth in such sections, is a misdemeanor, and also is ground for revocation or suspension of license in the manner set forth in NRS 584.325 to 584.690, inclusive [.] , and sections 2 and 3 of this act.

2. Every distributor must pay for fluid milk or fluid cream delivered to him or it at the time and in the manner specified in the contract with the producer. Failure to make such payment is [hereby declared to be] ground for refusal, suspension or revocation of license in the manner set forth in NRS 584.325 to 584.690, inclusive [.] , and sections 2 and 3 of this act.

3. In addition to, or in lieu of, any other penalty provided by NRS 584.325 to 584.690, inclusive, and sections 2 and 3 of this act, the commission may impose, upon any person subject to any penalty under subsection 1 of this section, a penalty of [\$500] not more than \$1,000 for each violation, to be recovered by the commission in a civil action in a court of competent jurisdiction. All sums recovered under this subsection shall be [paid into the state treasury] deposited with the state treasurer to the

credit of the dairy commission fund and shall be expended solely for the enforcement of NRS 584.325 to 584.690, inclusive [.] and sections 2 and 3 of this act.

Sec. 15. NRS 584.430, 584.530 and 584.685 are hereby repealed.

Sec. 16. NRS 584.1759, 584.176, 584.177, 584.178, 584.179, 584.325, 584.330, 584.335, 584.340, 584.345, 584.350, 584.355, 584.360, 584.365, 584.370, 584.375, 584.380, 584.385, 584.390, 584.-395, 584.400, 584.405, 584.410, 584.415, 584.420, 584.425, 584.-435, 584.440, 584.445, 584.450, 584.455, 584.460, 584.465, 584.470, 584.475, 584.480, 584.485, 584.490, 584.495, 584.500, 584.505, 584.510, 584.515, 584.520, 584.522, 584.525, 584.535, 584.-540, 584.543, 584.545, 584.550, 584.555, 584.560, 584.565, 584.-568, 584.570, 584.575, 584.580, 584.582, 584.583, 584.584, 584.585, 584.590, 584.595, 584.600, 584.605, 584.610, 584.615, 584.620, 584.625, 584.630, 584.633, 584.635, 584.640, 584.645, 584.-650, 584.655, 584.660, 584.665, 584.670, 584.675, 584.680, 584.-690, and sections 2 and 3 of this act are hereby repealed.

Sec. 17. The term of each person holding office as a member of the state dairy commission on June 30, 1977, expires on that date. As soon as convenient after July 1, 1977, the governor shall, in accordance with NRS 584.425, appoint:

1. One member whose term expires June 30, 1978;

2. One member whose term expires June 30, 1979; and

3. One member whose term expires June 30, 1980.

Sec. 18. There is hereby appropriated from the dairy commission fund to the state general fund all money received by the state dairy commission for settlement or other disposition of complaints filed pursuant to NRS 584.670, including but not limited to complaints filed against:

1. Model Dairy, Inc.;

2. Beatrice Foods, Inc. (DBA Meadow Gold Dairies of Nevada);

3. Crescent Dairy, Inc. (DBA Anderson Dairy);

4. Raley's of Nevada, Inc.;

5. Donald W. Baldwin, Derrell Moore and Richard Williams, a partnership (DBA Warehouse Market No. 4 and Donald W. Baldwin, an individual);

6. Arden-Mayfair, Inc.;

7. Albertson's, Inc.;

8. Supermarkets Interstate, Inc. (DBA Valu-Mart) (Formerly Reno Discount, Inc.);

9. The Southland Corporation (DBA 7-11 Stores);

10. V & T Markets, Inc.;

11. B & J Corporation (DBA Clarkson's Market);

12. Sagebrush Market, Inc.;

13. Mini-Mart No. 5, Inc.;

14. Mini-Mart No. 6, Inc.;
15. Mercantile Brokers, Inc. (DBA Ranch Market);
16. Vern Lee and Lu's Markets, Inc. (DBA Giant Foods);
17. Vern Lee and Lu's Markets, Inc. (DBA Vern Lee Giant Foods);
18. Sav-Time, Inc. (DBA Sav-Time Park No. 2);
19. T & M Corporation (DBA Food King No. 14, DBA Sav-Time Wells No. 4);
20. Bonanza Hills, Inc. (DBA Food King Superette, DBA Sav-Time Superette, DBA Park Grocery);
21. Charles W. Gadda, Terrence McMullen and M. C. Hardin, a partnership (DBA Big K Foods, DBA Big D Foods);
22. Charles W. Gadda, Terrence McMullen and M. C. Hardin, a partnership (DBA Food King No. 20, DBA Food King No. 21);
23. Food King, Inc. (DBA Nevada Food King No. 11);
24. Arden-Mayfair, Inc.;
25. Western Dairymen Cooperative, Inc.;
26. Anderson Dairy;
27. The Southland Corporation (DBA 7-11 Stores);
28. Smith's Management Corporation (DBA Smith's Food King);
29. Vegas Village Shopping Corporation;
30. Toshio Enamoto (DBA Mr. E's Somerset Market);
31. Panorama Market;
32. Boulevard Market;

33. Dorothy Keith (DBA Market Basket);
34. D & W, Inc. (DBA Rancho Market);
35. Skaggs Drug Centers;
36. Thriftimart, Inc.; and
37. Pet-Char, Inc. (DBA Foodland Market, DBA Central Market).

Sec. 19. 1. This section and section 18 of this act shall become effective upon passage and approval.

2. Section 16 of this act shall become effective July 1, 1979.

3. The remaining sections of this act shall become effective on July 1, 1977.

**SUMMARY--**Memorializes Congress to enact proposed legislation prohibiting unfair methods of competition and unfair trade practices by associations of milk producers. (BDR 102)

**JOINT RESOLUTION--**Memorializing the Congress of the United States to enact certain proposed legislation prohibiting unfair methods of competition and unfair trade practices by associations of milk producers.

**WHEREAS,** Associations of milk producers are exempted from certain antitrust laws; and

**WHEREAS,** Individual members of small cooperatives may have no voice concerning mergers into larger cooperative associations; and

**WHEREAS,** Associations of dairy producers have been sharply criticized for the manner in which associations induce producers to join the association; and

**WHEREAS,** Complaints have been made that the individual producer member of the association is not given adequate information concerning the accounting practices of the association; and

**WHEREAS,** Federal milk marketing orders determine the price which is paid to the association and not to the individual member; and

**WHEREAS,** There is pending before the House of Representatives of the United States the proposed "Dairy Producers Bill of Rights Act" (H.R. 9478); and

WHEREAS, The enactment of the "Dairy Producers Bill of Rights Act" would be an important step toward the elimination of abuses by such associations; now, therefore, be it

RESOLVED BY THE                      AND THE                      OF THE STATE OF NEVADA,  
JOINTLY, That the Congress of the United States is memorialized to enact the "Dairy Producers Bill of Rights Act" (H.R. 9478) which will prohibit unfair methods of competition and unfair trade practices by associations of milk producers; and be it further

RESOLVED, That a copy of this resolution be prepared and transmitted by the legislative counsel to the President of the United States, the Vice President as presiding officer of the Senate, the Speaker of the House of Representatives and each member of the Nevada congressional delegation; and be it further

RESOLVED, That this resolution shall become effective upon passage and approval.

## APPENDIX A

### LIST OF TECHNICAL STAFF DUTIES STATE DAIRY COMMISSION

The dairy commission has offices in two locations: one in Reno and another in Las Vegas. The Las Vegas office presently has only one full-time employee whose duties are all inclusive, from administrative functions to public contact in all phases of the commission's duties.

The duties of the technical staff cover the areas of:

1. Producer-distributor economics.
2. Cost research.
3. Dairy and marketing services.
4. NRS enforcement.
5. Assist the administrative and accounting personnel as required.

Producer-distributor economics pertains to the economic relationship between producer, distributor, retailer and consumer. In this area the technical staff duties are to:

1. Prepare detailed information for public hearings.
2. Analysis of state to develop and maintain marketing areas and zones.
3. Analysis of dairy conditions in neighboring states and their effect on Nevada production and pricing.
4. Develop and keep current a formula for payment to producers for milk produced and sold for each marketing area.
5. Outline rules governing such payments giving consideration to product usage.
6. Develop and keep current a formula governing hauling rates charged producers.
7. Outline mandatory provisions governing producer-distributor contracts.

The staff duties are as follows in the area of cost research:

1. Producer cost studies to determine production costs.
2. Distributor cost studies to determine processing and delivery costs.
3. Retail store surveys to determine allowable minimum markup allowances for stores.
4. Survey of hauling costs of bulk milk from dairy farm to distributor.
5. Analysis of cost statements filed by distributors.

Dairy and marketing services are described below:

1. Regional dairy administration of the eastern Nevada counties of White Pine, Elko, Eureka and Lander.
2. Contact wholesale accounts for information as well as compliance with statutes and regulations in regards to fair trade requirements.
3. Investigate all complaints emanating on wholesale level or above.
4. Promote and encourage use of dairy products.
5. Dissemination of trade information.
6. Encourage and assist in improvement in producing, transportation, processing, storage, distribution and handling of dairy products.

NRS enforcement comprises:

1. Office computations of distributor payments to producer based on ultimate usage of milk.
2. Selected physical audits of above.
3. Office computations of remittances from distributors for assessments due commission.
4. Selected physical audits of above.
5. Audit distributor wholesale accounts receivable to prevent overretention of credit and insure prompt payment to producers for milk.

6. Analysis of producer-distributor milk contracts for conformance to statutes and regulations.
7. Determine that the bond posted by distributors continues to meet statutory requirements.
8. Registration of producers (current).
9. Licensing of distributors (annual).
10. Review bids of distributors to political subdivisions and other authorized entities for conformance to statutes and regulations.
11. Review price filing of distributors for dairy products.
12. Preparation of statistical information for distribution.

Source: Preliminary report of the legislative audit of the state dairy commission fund.



APPENDIX B

States regulating milk prices, May 1975

State	Minimum prices established at--		
	Producer level	Wholesale level	Retail level
Alabama	X	X	X <u>1/</u>
California	X	X <u>5/</u>	X
Colorado	X	-	-
Hawaii	X	-	-
Louisiana	X	X	-
Maine	X	X	X
Massachusetts	X	<u>2/</u>	<u>2/</u>
Montana	X	<u>X</u>	<u>X</u>
Nevada	X	X	X
New Jersey	X	X	X
New York	X	-	-
North Carolina	X	<u>2/</u>	<u>2/</u>
North Dakota	X	<u>X</u>	<u>X</u> <u>1/</u>
Oregon	<u>3/</u>	-	-
Pennsylvania	<u>X</u>	X	X
South Carolina	X	X	-
South Dakota	-	X	X
Vermont	X	X	X
Virginia	X	X <u>1/</u>	<u>4/</u>
Washington	<u>2/</u>	-	-
Wyoming	<u>X</u>	X	-

X = yes; - = no.

1/ Also establishes maximum prices.

2/ Authorized but not used.

3/ The State's Class I base plan is used to repool Oregon-Washington Federal milk order producer payments if requested by individual Oregon producers.

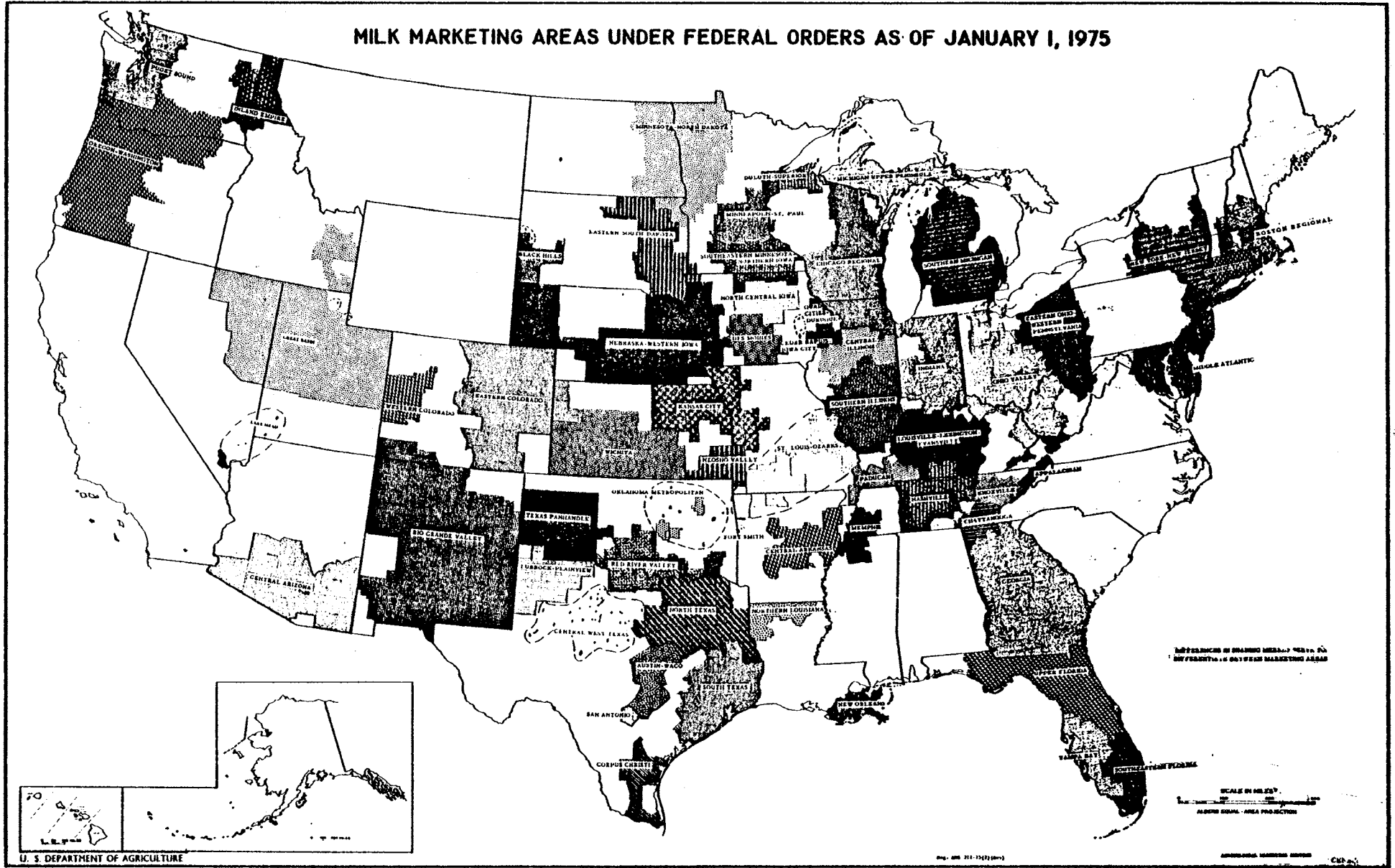
4/ Establishes minimum prices only under emergency conditions when price wars threaten to disrupt market conditions. Also establishes maximum prices.

5/ Suspended in most areas of the State.

SOURCE: United States Department of Agriculture



MILK MARKETING AREAS UNDER FEDERAL ORDERS AS OF JANUARY 1, 1975



APPENDIX C

SOURCE: United States Department of Agriculture.



FOOTNOTES

- 1 Office of the Attorney General, "Report on the Nevada Dairy Commission," Part I, December 22, 1975, pp. 3-4.
- 2 Ibid.
- 3 Ibid., p. 9.
- 4 Ibid., pp. 8-11.
- 5 Ibid., p. 13.
- 6 Ibid., p. 16.
- 7 Ibid., Part II, p. 11.
- 8 Ibid., Part I, p. 16.
- 9 Ibid., pp. 19-20.
- 10 Ibid., Part II, pp. 9-10.
- 11 State Dairy Commission, "Amendment to Stabilization and Marketing Plan," adopted April 29, 1976, effective June 1, 1976. Emergency orders in late 1975 had temporarily suspended wholesale milk prices.
- 12 Legislative Auditor, "State of Nevada Dairy Commission Fund, Audit Report, Fiscal Year ended June 30, 1975," p. 37.12.
- 13 Ibid, p. 37.1.
- 14 Ibid., p. 37.12.
- 15 Ibid., p. 37.15.
- 16 Ibid.
- 17 Ibid., p. 37.24.
- 18 Ibid.

- 19 C. T. K. Ching, J. R. Garrett and Doyle Spurlock, "Forecasts for the Future: The Dairy Industry, Nevada," presented by Dr. Joseph Stein, Associate Director of the Cooperative Extension Service, University of Nevada, Reno, in a response to subcommittee questions on the dairy industry in Nevada.
- 20 Al Tamagni, Retailer, Sav-Time, Inc., Reno, Nevada; testimony before the subcommittee, November 12, 1975. Minutes, p. 9.
- 21 Charles Levinson, President, Consumers' League of Nevada; testimony before the subcommittee, October 6, 1975. Minutes, p. 7.
- 22 Herb Witt, dairy farmer, Farm Bureau Dairy Producer Council; testimony before the subcommittee, November 12, 1975. Minutes, p. 14.
- 23 Levinson, Op. Cit.
- 24 Rex W. Lundberg, Commissioner, Consumer Affairs Division, Department of Commerce; testimony before the subcommittee, October 6, 1975. Minutes, p. 4.
- 25 Responses to Question 3 in "A Tabulation of Responses to a Questionnaire Sent to Members of the Nevada Dairy Industry et al."
- 26 Meade Dixon, former legal counsel, State Dairy Commission, afternoon meeting with the subcommittee, October 7, 1975. Minutes, p. 3.
- 27 Responses to Question 5 in "A Tabulation of Responses to a Questionnaire Sent to Members of the Nevada Dairy Industry et al."
- 28 Office of the Attorney General, Op. Cit., Part I, p. 9.
- 29 Ibid.
- 30 Ibid., p. 10.
- 31 Ibid., p. 12.
- 32 Ibid., p. 13.

- 33 Herb Witt, Op. Cit., p. 15. Also, Office of Attorney General, Op. Cit., Part I, p. 16.
- 34 Conrad Longille, Consumer Affairs Division, Department of Commerce; testimony before the subcommittee, morning hearing, October 7, 1975. Minutes, p. 7.
- 35 Clarence Cassady, Executive Director, State Dairy Commission; meeting with the subcommittee, afternoon meeting, October 7, 1975. Minutes, p. 5.
- 36 Legislative Auditor, Op. Cit., p. 13.
- 37 Dale Hunt, dairy farmer and member of the State Dairy Commission; testimony before the subcommittee, October 6, 1975. Minutes, p. 17.
- 38 Commissioner Rex W. Lundberg, Op. Cit., October 7, 1975. Minutes pp. 2-3.
- 39 Glen Coon, Anderson Dairy, Inc. and former member of the State Dairy Commission; testimony before the subcommittee, October 6, 1975. Minutes, p. 15.
- 40 John Fetherston, producer; testimony before the subcommittee, October 6, 1975. Minutes, pp. 17-18.
- 41 Meade Dixon, Op. Cit. Minutes, p. 6.
- 42 Ibid., p. 6. Also Glen Coon, Anderson Dairy, Inc.; testimony before the subcommittee, October 6, 1975. Minutes, p. 9.
- 43 Nevada Revised Statutes 584.670.



### ACKNOWLEDGMENTS

The subcommittee wished to acknowledge the attendance and participation of the following persons at its public meetings:

D. S. ADAMS, Western Dairymen Cooperative, Inc.

MARTIN ANDERSON, All Jersey of Nevada, Fallon

KENNETH BELK, Producer, Bunkerville

MRS. PHYLLIS BERKSON, Chairman, State Dairy Commission

BRUNO BIASI, Producer, Bunkerville

BRANT BISHOP, Producer, Longandale

THOMAS BOHAN, Anderson Dairy, Reno

EARL BORN, Federal Market Administrator, United States  
Department of Agriculture, Washington, D.C.

BRAND BOSTDORFF, Arden Farms, Las Vegas

BERRY BROOKS, Distributor, Model Dairy, Reno

CHARLES CAMERON, Manager, Lake Mead Cooperative, Inc.;  
Western Dairymen Cooperative, Inc.

BEALE CANN, Distributor, Fallon

MRS. DOROTHY CANN, Fallon

W. CLARE CARPENTER, Anderson Dairy, Inc., Las Vegas

CLARENCE J. CASSADY, Executive Director, State Dairy Commission

LARRY CHILDRESS, Smith Food King

J. GLEN COON, Anderson Dairy, Inc., and former member of the  
State Dairy Commission

SAM DIBITONTO, Consumer and member of the State Dairy  
Commission

MEADE DIXON, Former legal counsel, State Dairy Commission

C. EGGARS, Sunrise Hospital, Las Vegas

JOHN FETHERSTON, Producer, Overton

A. J. FRADE, Distributor and member of the State Dairy Commission, Yerington

LEONARD FREDRICK, Consumer and member of the State Dairy Commission, Las Vegas

JOHN GOMES, Dairyman, Fallon

E. A. GREER, Clark County School District, Las Vegas

DR. KENNY C. GUINN, Superintendent of Schools, Clark County

MAX HAFEN, Producer, Mesquite

PAUL HALNON, Deputy Director, Dairy Division, United States Department of Agriculture, Washington, D.C.

MS. MARY HARRISON, Consumer, Reno

GEORGE HONLY, Distributor, Reno

DEE HUGHES, Producer, Mesquite

DALE G. HUNT, Producer and Vice Chairman of the State Dairy Commission, Bunkerville

RICHARD JOHNSON, Area Supervisor, State Dairy Commission, Las Vegas

JOE LAWLER, Deputy Commissioner, Consumer Affairs, Department of Commerce, Carson City

STEPHAN LEEDS, Model Dairy, Reno

CHARLES LEVINSON, President, Consumer League of Nevada, Las Vegas

A. C. LIEBL, Clark County School District, Las Vegas

CONRAD LONGILLE, Consumer Affairs, Department of Commerce, Carson City

REX W. LUNDBERG, Commissioner, Consumer Affairs, Department  
of Commerce, Las Vegas

JOE McNAMARA, Senior Accountant, State Dairy Commission,  
Las Vegas

GEORGE MEMES, Anderson Dairy, Inc., Las Vegas

BEN MILLER, Sav-Time, Inc., Reno

NEWELL MILLS, Dairyman, Fallon

JOHN OLSEN, Consumer, Sparks

JOHN PICETTI, Dairyman, Fallon

RALPH REID, Knudsen Corporation, Los Angeles, California

ORVIS REIL, Consumer, Carson City

JAMES RITTER, Dairyman, Fallon

CYRIL SCHANK, Dairyman, Fallon

ERNIE SCHANK, Dairyman, Fallon

VERNON SCOTT, Retailer and member of the State Dairy Commis-  
sion, Carlin

D. SELERKA, Teamsters Union, Las Vegas

DR. JOSEPH STEIN, Associate Director, Cooperative Extension  
Service, University of Nevada, Reno

DONALD STENEN, All Jersey of Nevada, Reno

MRS. MURIEL STEVENS, Consumer and member of the State Dairy  
Commission

JOHN SORENSON, Dairyman and member of the State Dairy Commis-  
sion, Fallon

AL TAMAGNI, Sav-Time, Inc., Reno

W. E. TOBLER, Rancho Market Discount Sales, Las Vegas

LOUIS VAN VLIET, Dairyman, Gardnerville

CLETE WANDLER, Distributor, Carson City

FRED WEAVER, All Jersey of Nevada, Sparks

HERB WITT, Farm Bureau Dairy Producer Council, Reno