

**ADOPTED REGULATION OF THE
STATE DAIRY COMMISSION**

LCB File No. R067-00

Effective June 2, 2000

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: §§1-7, NRS 584.400, 584.474 and 584.515.

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

Sec. 2. *“Advanced pricing factors” means the price components released by the United States Department of Agriculture based on the weighted average of the two most recent average weekly survey prices announced by the National Agricultural Statistical Service before the 24th day of each month.*

Sec. 3. *“Component prices” means the pricing factors released by the United States Department of Agriculture based on the weighted average for the preceding month of weekly prices announced by the National Agricultural Statistical Service on or before the 5th day of each month.*

Sec. 4. NAC 584.5551 is hereby amended to read as follows:

584.5551 As used in NAC 584.5551 to 584.6712, inclusive, unless the context otherwise requires, the words and terms defined in chapter 584 of NRS and in NAC ~~584.5555~~ **584.5561** to 584.5751, inclusive, *and sections 2 and 3 of this regulation* have the meanings ascribed to them in those sections.

Sec. 5. NAC 584.5567 is hereby amended to read as follows:

584.5567 “Class differential” means the price set by the commission and added to the ~~basic formula price or to the price of class III fluid milk and fluid cream~~ *advanced pricing factors or the component prices, as applicable*, to determine the minimum price to be paid to a producer by a distributor for each class of fluid milk and fluid cream.

Sec. 6. NAC 584.6482 is hereby amended to read as follows:

584.6482 1. Except as otherwise provided in this subsection, the minimum price for fluid milk and fluid cream to be paid to a producer by a distributor located in the western Nevada marketing area, except a distributor located in zone 9 of the western Nevada marketing area, is the minimum price established for fluid milk and fluid cream set each month by the State of California Department of Food and Agriculture for the northern California marketing area. If the minimum price for fluid milk and fluid cream established for the northern California marketing area is revised, the commission will review the revised price to determine whether it is acceptable. Unless the commission, within 5 days after the price for the northern California marketing area is revised, determines that the revised price is unacceptable, the revised price for the northern California marketing area shall be deemed the minimum price for fluid milk and fluid cream to be paid to a producer by a distributor located in the western Nevada marketing area, except a distributor located in zone 9 of the western Nevada marketing area. The minimum price for fluid milk and fluid cream to be paid to a producer by a distributor located in the western Nevada marketing area, except a distributor located in zone 9 of the western Nevada marketing area, may be obtained at no cost:

(a) By mail, from the State Dairy Commission, 4600 Kietzke Lane, Building A, Suite 107, Reno, Nevada 89502;

(b) By telephone, at (775) 688-1211; or

(c) By electronic mail, at dairycom@govmail.state.nv.us.

2. Except as otherwise provided in this subsection, the minimum price for fluid milk and fluid cream to be paid to a producer by a distributor located in the eastern Nevada marketing area, except a distributor located in zone 5 of the eastern Nevada marketing area, is the minimum price for fluid milk and fluid cream set each month in the Federal Milk Marketing Orders. If the minimum price for fluid milk and fluid cream established in the Federal Milk Marketing Orders for the eastern Nevada marketing area is revised, the commission will review the revised price to determine whether it is acceptable. Unless the commission, within 5 days after the price established in the Federal Milk Marketing Orders is revised, determines that the revised price is unacceptable, the revised price set forth in the Federal Milk Marketing Orders shall be deemed the minimum price for fluid milk and fluid cream to be paid to a producer by a distributor located in the eastern Nevada marketing area, except a distributor located in zone 5 of the eastern Nevada marketing area. A copy of the Federal Milk Marketing Orders may be obtained at no cost:

(a) By mail, from the State Dairy Commission, 4600 Kietzke Lane, Building A, Suite 107, Reno, Nevada 89502;

(b) By telephone, at (775) 688-1211; or

(c) By electronic mail, at dairycom@govmail.state.nv.us.

3. Except as otherwise provided in this subsection, the minimum price for fluid milk and fluid cream to be paid to a producer by a distributor located in the southern Nevada marketing area, zone 5 of the eastern Nevada marketing area or zone 9 of the western Nevada marketing area is the ~~{basic formula price or, in the absence of a basic formula price, the price of class III fluid milk and fluid cream}~~ *advanced pricing factors or the component prices* set each month by

the United States Department of Agriculture, *as applicable*, plus the class differential set by the commission. The minimum price for fluid milk and fluid cream to be paid to a producer by a distributor located in the southern Nevada marketing area, zone 5 of the eastern Nevada marketing area or zone 9 of the western Nevada marketing area may be obtained at no cost:

(a) By mail, from the State Dairy Commission, 1840 East Sahara Avenue, Suite 111, Las Vegas, Nevada 89104;

(b) By telephone, at (702) 486-8212; or

(c) By electronic mail, at dairycom@govmail.state.nv.us.

Sec. 7. NAC 584.5555 is hereby repealed.

TEXT OF REPEALED SECTION

584.5555 “Basic formula price” defined. (NRS 584.400, 584.474, 584.515) “Basic formula price” means the base price to be paid to a producer by a distributor set each month by the United States Department of Agriculture for fluid milk and fluid cream.



THE STATE OF NEVADA
DAIRY COMMISSION
4600 Kietzke Lane, Suite A107
Reno, Nevada 89502
(775) 688-1211 (775) 688-1218 fax

April 28, 2000

**Legislative Review of Adopted Regulations as Required
By Administrative Procedures Act, NRS 233B.066**

**INFORMATIONAL STATEMENT REGARDING AMENDMENTS TO
NEVADA ADMINISTRATIVE CODE 584.6482
LCB FILE NO. R067-00**

The following statement is submitted for adopted amendments to *Nevada Administrative Code* (NAC) 584. The amendments to *Nevada Administrative Code* 584.6482 and related sections appeared as an action item on the March 16, 2000 Dairy Commission meeting agenda in Las Vegas and the April 27, 2000 Dairy Commission meeting in Reno. The amendments were adopted on April 27, 2000 by the Dairy Commission with no changes to the draft LCB File No. R067-00. The regulation should become effective no later than June 30, 2000.

Public Notice and Invitation for Comment: Notices of these meetings were included on the monthly Dairy Commission agenda and posted in the Western Nevada Marketing Area and the Southern Nevada Marketing Area. A copy of the public workshop and public hearing notices and the regulation to be amended were placed on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. The Dairy Commission mailed hearing notices to all known dairy producers and all Dairy Commission licensees. All persons who are, by request, on the Dairy Commission mailing list also received copies of the meeting notices. Additional copies of the notice and the regulation to be amended were available at:

Nevada State Dairy Commission
4600 Kietzke Lane, Suite A107
Reno, NV 89502

Nevada State Dairy Commission
1840 East Sahara Avenue, Suite 111
Las Vegas, NV 89104

Washoe County Library
301 S. Center St.
Reno, NV 89502

Washoe County Library
1125-12th St. (Sparks Branch)
Sparks, NV 89431

Washoe County Library
4001 S. Virginia St Sierra View Branch
Reno, NV 89502

Las Vegas Library
833 N. Las Vegas Blvd.
Las Vegas, NV 89102

Attorney General's Office
555 E. Washington
Las Vegas, NV 89101

Bradley Building
2501 East Sahara Ave.
Las Vegas, NV 89104

Churchill County Library
5553 S. Maine St.
Fallon, NV 89406

Tonopah Public Library
171 Central Street
Tonopah, NV 89049

Pershing County Library
1125 Central Ave.
Lovelock, NV 89419

Elko County Library
720 Court St.
Elko, NV 89801

Storey County Library
95 South R St.
Virginia City, NV 89440

Esmeralda County Library
P.O. Box 430, Fourth & Crook Sts.
Goldfield, NV 89013

Eureka Branch Library
P.O. Box 293
Eureka, NV 89316

White Pine County Library
950 Campton St.
Ely, NV 89301

Humboldt County Library
85 East 5th St.
Winnemucca, NV 89445

Battle Mountain Branch Library
(Lander County)
P.O. Box 141
Battle Mountain, NV 89820

Lincoln County Library
93 Main St.
Pioche, NV 89043

Carson City Library
900 N. Roop St.
Carson City, NV 89701

Lyon County Library
20 Nevin Way
Yerington, NV 89447

Douglas County Library
P.O. Box 337
Minden, NV 89423

Mineral County Library
P.O. Box 1390, First & A Street
Hawthorne, NV 89415

Goldfield Public Library
P.O. Box 430
Goldfield, NV 89013

Public comment was invited and accepted at the public workshop and the public hearing. Hearing notices allowed written comments to be submitted to the Dairy Commission prior to the public hearings. Written comments were also accepted after the public workshop.

Public Attendance and Testimony: Approximately 15 persons attended the public workshop held March 16, 2000 in Las Vegas. One person provided testimony in support of the proposed regulation—representing the cooperative association for the four dairies located in Clark and Nye counties, Nevada. No changes to the draft regulation were sought at the March workshop. Approximately 19 persons attended the public hearing held April 27, 2000 in Reno. Two

persons provided testimony in support of the proposed regulation at the final public hearing—one from the milk processor located in Clark County, Nevada, and one from the cooperative association which represents four dairies located in Clark and Nye counties, Nevada. No written comments were received. Testimony at the April hearing supported the regulation with no changes to LCB File No. R067-00.

Minutes of each public hearing were taken by a certified court reporter. Transcripts of comments are available for review and copying in the Reno and Las Vegas offices of the Dairy Commission.

The Dairy Commission staff also met with affected dairy producers and processors in Las Vegas on February 15, to receive input prior to developing draft language for the amendments. This prior input process resulted in full support of the regulation by the industry.

Effects of Not Adopting Proposed Amendments to NAC: A reform of the Federal Milk Market Order (FMMO) program took effect on January 1, 2000. The reform changed the way that the federal government calculates and announces dairy pricing. The feds eliminated the basic formula price, and changed how they calculate Class I milk pricing so that the Class III base is not announced until the fifth of the month after the present month. This means the Class III base for March is not announced until April 5. As the purpose of NAC 584.6482 is to announce prices in advance, this poses a problem. By amending the text of NAC 584.6482 to the proposed language, the Dairy Commission will be able to use component pricing and advanced pricing factors, which are announced around the 23rd of the month prior, e.g. on March 23 for the month of April. This will allow for advanced pricing of Class I milk, which is the intent of NAC 584.6482. If the amendments are not allowed, it would be difficult for the Dairy Commission to continue advance pricing of Class I milk, which will cause a myriad of problems for both the processor and the dairy farmers who operate in the Southern Nevada Market Area.

Economic Impact of the Regulation: Adoption of the proposed amendments would benefit dairy producers and dairy processors in southern Nevada by continuing the advance pricing program. Continued state level regulation allows for more flexibility in raw product pricing and easier access to the regulatory body for producers and processors, allowing producers to get a fair market price for raw milk while processors will still be able to produce drinking milk at competitive prices. This, in turn, provides a competitive market place for milk and other fresh dairy products in the Las Vegas area, which benefits the consumers of southern Nevada.

There is a minimal economic impact on the Dairy Commission itself. No additional cost will be incurred in the enforcement of the regulation; enforcement cost can be absorbed into the current operating budget. This regulation will not duplicate any other regulations of the Dairy Commission or other agency at any level of government.