

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

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**HOUSE BILL 1070
Committee Substitute Favorable 6/16/20**

Short Title: Emergency Grants for Certain Milk Producers.

(Public)

Sponsors:

Referred to:

May 14, 2020

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FUNDING FOR GRANTS TO CERTAIN MILK PRODUCERS TO ALLEVIATE NEGATIVE FOOD SUPPLY CHAIN IMPACTS DUE TO THE COVID-19 PANDEMIC.

The General Assembly of North Carolina enacts:

SECTION 1. Findings. – The General Assembly finds that the COVID-19 emergency has resulted in serious and substantial impacts on the food supply chain, including the State's dairy industry. Dairy producers and processors in the State lost more than half of their market with COVID-19 related shutdowns of the school systems and food service industries. This resulted in milk being dumped and a devastating decrease in milk pay prices, which were already at a historical low. The additional bottlenecks caused by shutdowns in the meat processing plants and lack of facilities to process dairy animals for beef left producers with no income options from the sale of cows culled from their herds. The General Assembly further finds that financial assistance to these producers is necessary in order to reduce disruptions in the supply chain for fresh dairy products and to help dairy producers in the State stay in business.

SECTION 2.(a) Transfer of Funds from Reserves to Relief Fund. – The State Controller shall transfer the sum of four million one hundred four thousand dollars (\$4,104,000) for the 2020-2021 fiscal year from the Coronavirus Relief Reserve established in Section 2.1 of S.L. 2020-4 to the Coronavirus Relief Fund established in Section 2.2 of S.L. 2020-4.

SECTION 2.(b) Appropriation of Funds from Relief Fund. – There is appropriated from the Fund to the Department of Agriculture and Consumer Services the sum of four million one hundred four thousand dollars (\$4,104,000) in nonrecurring funds for the 2020-2021 fiscal year to be allocated and used as provided in Section 3 of this act. The funds appropriated in this section must be expended by December 30, 2020, and funds not expended on that date shall revert at the end of the 2020-2021 fiscal year.

SECTION 3.(a) Allocation of Funds. – The funds appropriated by Section 2 of this act shall be allocated to the North Carolina Dairy Stabilization and Growth Fund to provide grants as specified in subsection (b) of this section to compensate eligible dairy producers for losses incurred as a result of the collapse in dairy prices due to the COVID-19 pandemic or to improve the resiliency and adaptability of the dairy supply chain to future pandemics. These funds may only be used for purposes consistent with the April 22, 2020, "Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments" provided by the United States Department of the Treasury or with any subsequent act of Congress.

SECTION 3.(b) Grant Procedures. – The Department shall develop policies and procedures for the disbursement of grants that include, at a minimum, the following:



- 1 (1) Notwithstanding any provision of Article 68A of Chapter 106 of the General
2 Statutes to the contrary, the Department shall make a monthly grant payment
3 from the Dairy Stabilization and Growth Fund to each eligible dairy producer
4 for any month in which the baseline price exceeds the announced price. The
5 amount of the payment shall be the difference between the baseline price and
6 the announced price, times the hundredweight of milk produced by the
7 producer for each month beginning with April 2020 and continuing until the
8 earlier of the month in which the funds appropriated by this act have been
9 expended or December 30, 2020.
- 10 (2) The maximum grant amount provided to any producer in any month shall be
11 twenty-five thousand dollars (\$25,000).
- 12 (3) If the funds appropriated by this act are insufficient to make a full payment to
13 each producer in any month, the Department may either award a partial grant
14 to each eligible producer calculated based on the ratio of available funds to
15 needed funds or may supplement the appropriated funds with other funds
16 available to the Department in order to award the full grant amount or a
17 uniformly increased grant to each eligible producer.
- 18 (4) The Department may use up to one percent (1%) of the funds appropriated by
19 this act for administrative expenses related to administration of the grants
20 authorized by this act.

21 **SECTION 3.(c) Definitions.** – The following definitions apply in this act:

- 22 (1) Announced price. – The monthly Class I Milk Price for the Appalachian Milk
23 Marketing Order area reported by the Agricultural Marketing Service of the
24 United States Department of Agriculture.
- 25 (2) Baseline price. – Twenty dollars and thirty-eight cents (\$20.38), the average
26 monthly Class I Milk Price for the Appalachian Milk Marketing Order area
27 for 2019 reported by the Agricultural Marketing Service of the United States
28 Department of Agriculture.
- 29 (3) Eligible producer. – A Grade A milk producer who can demonstrate to the
30 satisfaction of the Department that the producer is in compliance with federal
31 Grade A milk regulations.

32 **SECTION 4. Other Requirements.** – The requirements and limitations set forth in
33 Part I of S.L. 2020-4 apply to the funds appropriated in this act. The OSBM shall include the
34 funds transferred and appropriated in this act in the report required under Section 1.7 of S.L.
35 2020-4. In addition, the Department shall report to the Joint Legislative Oversight Committee on
36 Agriculture and Natural and Economic Resources and the Fiscal Research Division by October
37 1, 2020, on its distribution of the funds appropriated by this act and by February 1, 2021, on the
38 use of funds by recipients.

39 **SECTION 5.** This act is effective when it becomes law.