



**Senate Approves Amendment to Close Loophole
that Harms California Dairy Producers**
September 20, 2005

Washington, DC – The U.S. Senate today approved an amendment that would close a loophole in federal dairy policy that allows out-of-state dairy producers to sell unlimited amounts of milk into California at much lower rates than California dairies can charge.

“This is a win for California dairies,” U.S. Senator Dianne Feinstein (D-Calif.) said. “For years, out- of-state producers have been able to undercut the price of milk in California, costing our producers revenue and market share. This legislation is fair, and it will level the playing field.”

Out-of-state producers have sold almost 7 million pounds of milk into Southern California at prices much lower than California producers are able to charge. California is not part of the federal marketing order, but does have a state regulated market. According to Western United Dairymen, this loophole has cost each California dairy at least \$12,000/year.

Under the amendment, the Arizona producer would:

- Be regulated under the federal milk market order in which it is located with regard to the minimum amount it must pay farmers for their milk.
- Compete on the same level playing field with bottlers of fluid milk produced in California.

The amendment was offered by Senator Harry Reid (D-Nev.) and was supported by Senators Feinstein, Barbara Boxer (D-Calif.), and Jon Kyl (R-Ariz.).

###