

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2545 Session of
1996

INTRODUCED BY SEMMEL, BUNT, BELFANTI, HERSHEY, GEIST, KREBS,
B. SMITH, COY, BAKER, BARLEY, TRELLO, GRUPPO, STERN, CLYMER,
WAUGH, SATHER, MILLER, STISH, YOUNGBLOOD, FARGO, HENNESSEY
AND MERRY, APRIL 10, 1996

REFERRED TO COMMITTEE ON AGRICULTURE AND RURAL AFFAIRS,
APRIL 10, 1996

AN ACT

1 Amending the act of July 6, 1984 (P.L.652, No.136), entitled "An
2 act requiring prompt payment to milk producers; providing for
3 the establishment of a security fund; providing for a
4 procedure to process claims against the security fund;
5 providing for alternative methods of security on behalf of
6 milk producers; and providing for certain prohibitions,
7 repeals and penalties," further providing for certain
8 bonding.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 Section 1. The definition of "cooperative" in section 4 of
12 the act of July 6, 1984 (P.L.652, No.136), known as the Milk
13 Producers' Security Act, is amended and the section is amended
14 by adding a definition to read:

15 Section 4. Definitions.

16 The following words and phrases when used in this act shall
17 have the meanings given to them in this section unless the
18 context clearly indicates otherwise:

19 * * *

1 "Cooperative." A cooperative agricultural association or
2 corporation of producers organized under the laws of this
3 Commonwealth or of any other state, which qualifies as such
4 under the provisions of the Federal Capper-Volstead Act, and
5 engaged in making collective sales or in the marketing of milk
6 for its own producer members and producer patrons. A cooperative
7 shall not be deemed a milk dealer or handler but shall be deemed
8 a producer, except as provided in section 3(a).

9 * * *

10 "Vested dealer or handler." Any milk dealer or handler
11 licensed on a continuous basis prior to the effective date of
12 this definition as a milk dealer or handler subject to the
13 bonding requirements pursuant to section 7(c)(2) and section 9.

14 Section 2. Sections 6, 7(c), 8, 9 heading and (a) and 10 of
15 the act are amended to read:

16 Section 6. Cooperative licensing requirements.

17 A cooperative which is deemed to be a dealer or handler under
18 the provisions of section 3(a) shall, in regard to milk
19 purchased or received from producers other than its own producer
20 members and producer patrons, be required to be licensed as a
21 dealer with respect to milk so received or purchased, and shall
22 be required to the extent of such milk purchased, received or
23 handled to comply with the provisions of this act regarding the
24 filing of bonds and contributions to a security fund for the
25 protection of nonmember producers.

26 Section 7. Security bonds.

27 * * *

28 (c) [The bond shall be] Bonds shall be filed in accordance
29 with the following requirements:

30 (1) Except as provided in paragraph (2), all dealers or

handlers shall file a bond equivalent to 75% or more of the greatest amount owed in a 40-day period.

(2) A vested dealer or handler may file with the board a bond in a sum equal to a minimum of 30% of the highest aggregate amount owed by the dealer or handler to producers for a 40-day period during the preceding 12 months. Such bond may exceed the 30% minimum and be equal to the full amount of the money owed, at the discretion of the dealer or handler.

* * *

Section 8. Bonds.

Surety bonds or securities for the license year shall be filed with the board on an annual basis not later than the 15th of the month before the beginning of such license year. [Where a dealer elects to participate under the minimum bond requirement as outlined in section 7, in lieu of filing a bond equivalent to 75% or more of the greatest amount owed in a 40-day period, he shall notify the board not later than two months prior to the date on which such change is to be made, and shall make the initial payment as required under section 9 not later than one month before such change is to be made.]

Section 9. Security fund for vested dealers and handlers.

(a) [Each milk] A vested dealer or handler shall, in addition to a bond, when less than 75% of the maximum amount owed, also be required to pay monthly 2¢ per hundredweight to the board on all milk purchased from producers during the prior month. The board shall maintain the moneys received in an interest-bearing account and the moneys, including interest, shall be credited to the account of each individual paying dealer. In the event a dealer or handler defaults in payment to producers, the moneys submitted by the defaulting dealer or

1 handler, including interest, shall be made available to the
2 producers shipping to the defaulting dealer or handler.

3 * * *

4 Section 10. New licensees.

5 A milk dealer or handler not vested as defined in this act
6 and purchasing or acquiring or receiving or intending to
7 purchase or receive milk from producers[, but not so engaged
8 during the preceding 12 months,] shall file a bond in a sum to
9 be fixed by the board in accordance with the dealer's or
10 handler's anticipated purchases from producers and the dealer's
11 or handler's obligation to a producer settlement or equalization
12 fund, but not less than the total amount expected to be owed
13 during the full 40-day pay period. The board shall review the
14 operations of the dealer or handler every two months and the
15 bond shall be modified by the board at the time the board is
16 satisfied that the producers are adequately secured. At the end
17 of six months of operation, upon approval by the board, the new
18 dealer or handler [may file the amount of the bond and pay into
19 the security fund as required in sections 7 and 9] shall file a
20 bond in a sum equal to a minimum of 75% of the highest aggregate
21 amount owed or expected to be owed by the dealer or handler to
22 producers for a 40-day period.

23 Section 3. This act shall take effect in 60 days.