

Information Regarding Type 70 Producer-Handlers

The following information regarding Type 70 producer-handlers was requested by an interested party and is being provided to the members of the Producer Review Board. The information is presented in the format of questions and answers as submitted to CDFA by the interested party.

Question: How many Type 70 producer-handlers were in existence when the Milk Pooling Act came into being in 1969?

Answer: 49.

Question: How much milk was covered by exempt quota at the beginning and how has that changed through the years?

Answer: In 1969 approximately 28,000,000 pounds of milk per month was exempt and in 2017 approximately 21,000,000 pounds of milk per month is exempt.

Question: Since 1969, Type 70 producer-handlers were allowed to convert regular quota to exempt quota during at least two periods of time. When were those periods of time?

Answer: January 1, 1978 and January 1, 1994 through April 1, 1995.

Question: What was the volume of regular quota that was converted to exempt quota?

Answer: 17,440.11 daily pounds of fat and 42,699.99 daily pounds of solids-not-fat.

Question: Was that converted on a one-to-one basis?

Answer: Yes.

Question: Of the total amount of exempt quota that exists today, how much of it was originally issued in 1969 and how much of it was regular quota that was converted to exempt quota during the time periods mentioned above?

Answer: There were 5,627 daily pounds of fat and 12,794 daily pounds of solids-not-fat originally issued in 1969 to the current four Type 70 producer-handlers. There were 17,440.11 daily pounds of fat and 42,699.99 daily pounds of solids-not-fat converted from regular quota to exempt quota by these four Type 70 producer-handlers.

Question: Is there anything in the law that ties exempt quota to a particular family or business, and is there any limit to how long exempt quota can continue (in years)?

Answer: Yes. The CA Food & Ag Code Sections 62708.5(a), (b), and (c) outline the ownership of exempt quota as follows:

62708.5. (a) A producer-handler, for purposes of this chapter, shall also include, as a separate and distinct category of producer-handlers, any producer and any handler who purchases or handles fluid milk or fluid cream produced by this producer if all of the ownership of the handler and all of the ownership of the producer is owned by the same person or persons and their ownership in the producer or handler is at least 95 percent identical for each person with their ownership in the handler or producer. This ownership shall not exceed 10 individual

persons or owners of equitable interest in a partnership, corporation, or other legally constituted business association.

(b) The ownership required by this section may be through a partnership, corporation, or other legally constituted business association if the entities are owned by the same person or persons, and there is at least 95 percent identity of ownership for each person with their ownership in the handler or producer. For purposes of this section, a "person" or "persons" includes the spouse, or other persons of lineal consanguinity of the first or second degree or collateral consanguinity to the fourth degree, and their spouses, and includes an adopted child the same as a natural child and kindred of the half blood equally with those of the whole blood of the owner and ownerships by persons so related shall be considered single ownership by one person. For purposes of this section, property pledged or hypothecated in any manner to others shall be considered "owned" if equitable ownership with management and control remain with the producer-handler.

(c) Ownership as provided in this section shall have existed at the time of the base period selected by the producer under Section 62707 and at all other times thereafter.