



Column For Week of: February 23, 2009

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The Show-Me Milk Stabilization Act *A Benefit for Consumers and Producers*

Most industries are facing economic distress in these tough economic times, and we have been working here in Jefferson City to help Missouri's economy get back on track. One industry I am especially concerned about is our state's dairy industry. Once a prime producer of milk, Missouri has faced a decline for more than a decade. Missouri's milk production has declined by more than a billion pounds from where it stood in 1990, and in the past 20 years, the number of dairy producers in the state has been cut in half. This problem is not unique to our state, but we can take offer support to the Missouri dairy farmers that are struggling, help to lower prices for consumers, and attract more dairies to our state.

I am sponsoring Senate Bill 254 or the Show-Me Milk Stabilization Act, which would create a state income and corporate franchise tax credit for milk production. Beginning in 2009, the Department of Agriculture would issue a report on the first of each month on the production price of milk in the state. The tax credit will only be available when the announced production price exceeds the average Federal Uniform Price for Missouri. The amount of the credit will be based upon the difference in the announced production price for the state and the average Federal Uniform Price per one hundred pounds of milk produced in any month the credit is available.

Senate Bill 254 helps to give milk producers a safety net to encourage them to stay in business. It works by providing a tax credit that is equal to their base amount, which we hope will stop the rapid decline we have seen in recent years. A similar program was instituted in 2005 in South Carolina to help bolster milk production. The program has been a success with an increase of more that 10 percent of its annual milk production since the

program's inception. We are also hoping that producers in near by states will chose to move their operations to Missouri.

The benefit of this legislation will not be just for dairy farmers, but for consumers as well. Since the early '90s, Missouri had been a milk deficit state—meaning we have had to import milk into the state to meet the population's needs. This means consumers have to pay higher prices to offset the overhead costs of trucking in milk. If Missouri can again become self-sufficient, consumers will reap the benefit. Each day, Missouri ships in more than 100 loads of milk, which amounts to more than \$80 million in freight costs. This cost is being passed directly to the consumer.

This legislation was recently heard in committee. During the hearing, we heard from dairy farmers from throughout Missouri, including representatives from Dairy Farmers of America and the Missouri Dairy Association. We also heard from those who rely on the dairy industry, and know that without Missouri's dairies, their business will suffer severely. Representatives from the Missouri Farm Bureau also voiced support for the legislation. I was glad to see the show of support for the legislation, and I thank each of the individuals who traveled to express their support.

The bill has to receive a majority vote before it can be brought before the full Senate. I look forward to working on this legislation and doing everything I can to support Missouri's agriculture industry while also supporting consumers.

Contact Me

As always, I appreciate hearing your comments, opinions and concerns. Please feel free to call me in Jefferson City at (573) 751-2108. You can also write to the address listed below.

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