

**DEPARTMENT OF AGRICULTURE****Agricultural Marketing Service****7 CFR Parts 1001, 1005, 1006, 1007, 1030, 1032, 1033, 1124, 1126, and 1131**

[Docket no. AO-14-A75, et al.; DA-06-06]

**Milk in the Northeast and Other Marketing Areas; Order Amending Orders****AGENCY:** Agricultural Marketing Service, USDA.**ACTION:** Final rule.

**SUMMARY:** This final rule amends the current ten Federal milk marketing orders issued under the Agricultural Marketing Agreement Act of 1937 (AMAA) to reflect recent amendments to the AMAA. The Milk Regulatory Equity Act of 2005, which was signed into law on April 11, 2006, amended the AMAA to ensure regulatory equity between and among dairy farmers and handlers for sales of packaged fluid milk in Federal milk marketing order areas and into certain non-Federally regulated milk marketing areas from Federal milk marketing areas.

7 CFR parts	Marketing area	AO Nos.
1001 .....	Northeast .....	AO-14-A75.
1005 .....	Appalachian .....	AO-388-A19.
1006 .....	Florida .....	AO-356-A40.
1007 .....	Southeast .....	AO-366-A48.
1030 .....	Upper Midwest .....	AO-361-A41.
1032 .....	Central .....	AO-313-A50.
1033 .....	Mideast .....	AO-166-A74.
1124 .....	Pacific Northwest .....	AO-368-A36.
1126 .....	Southwest .....	AO-231-A69.
1131 .....	Arizona Las-Vegas .....	AO-271-A41.

**DATES:** *Effective Date:* May 1, 2006.**FOR FURTHER INFORMATION CONTACT:**

Gino M. Tosi, Associate Deputy Administrator for Order Formulation and Enforcement, USDA/AMS/Dairy Programs, Stop 0231-Room 2971-S, 1400 Independence Avenue, SW., Washington, DC 20250-0231, (202) 690-1366, e-mail address: [gino.tosi@usda.gov](mailto:gino.tosi@usda.gov).

**SUPPLEMENTARY INFORMATION:** This final rule implements the provisions of the Milk Regulatory Equity Act of 2005 (Pub. L. 109-215, 120 Stat. 328), that amends the Agricultural Marketing Agreement Act of 1937 (AMAA). In passing this amendment, the congressional intent is to “\* \* \* ensure regulatory equity between and among all dairy farmers and handlers for sales of packaged fluid milk in federally

regulated milk marketing areas and into certain non-federally regulated milk marketing areas from federally regulated areas, and for other purposes.”

The Milk Regulatory Equity Act of 2005 provides for and accordingly, this final rule amends the current ten Federal milk marketing orders to: (1) Require fluid milk handlers located in Federal milk marketing order areas as described on the date of enactment, but

not regulated by any Federal milk marketing order, to pay Federal order minimum prices to the Federal order where the handler is physically located for sales of packaged fluid milk into non-Federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for milk, excluding plants pooled on another Federal order, plants subject to minimum pricing under State regulations, exempt plants, and producer-handlers with less than three-million pounds of route distribution; (2) Partially or fully regulate any producer-handler that has total distribution of Class I products of own-farm production in excess of three-million pounds and distributes fluid milk in the Arizona-Las Vegas marketing order area; and (3) Remove the State of Nevada from the marketing area definition of any Federal order.

This final rule amends provisions in each of the ten Federal milk marketing orders concerning pool plants and producer-handlers that appear in § 1\_\_\_\_.7 and § 1\_\_\_\_.10 of each order. Concerning these amendments, conforming changes also are made to order provisions in parts 1030, 1032, 1124 and 1131. Finally, in part 1131, Clark County, Nevada is removed from the definition of the Arizona-Las Vegas marketing area.

The Milk Regulatory Equity Act of 2005 specifically amends section 608c(11) of the AMAA by removing the following: "The price of milk paid by a handler at a plant operating in Clark County, Nevada shall not be subject to any order issued under this section." This removal of the Clark County exemption results in handlers located in Clark County, Nevada, now being subject to Federal order minimum prices for their route sales in a Federal order marketing area. Since Clark County, Nevada, was in the Arizona-Las Vegas marketing area at the time of enactment, April 11, 2006, any handlers located in this area will be required to pay Federal order minimum prices to the Arizona-Las Vegas order for sales of packaged fluid milk into non-Federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for milk, excluding plants pooled on another Federal order, plants subject to minimum pricing under State regulations, exempt plants, and producer-handlers with less than three-million pounds of route distribution.

With regard to the records and facilities, the Milk Regulatory Equity Act of 2005 provides that notwithstanding any other provision of section 8c of the AMAA, or the

amendments made by the 2005 Act, a milk handler (including a producer-handler or a producer operating as a handler) that is subject to regulation is required to comply with the requirements of 7 CFR 1000.27, or a successor regulation, relating to handler responsibility for records or facilities. The information collection and recordkeeping requirements contained in 7 CFR 1000.27, as well as the information collection requirements in each of the ten Federal milk marketing orders has been previously approved by the Office of Management and Budget under the provision of Title 44 U.S.C. chapter 35 and been assigned OMB Control No. 0581-0032.

The Milk Regulatory Equity Act of 2005 (Act) further provides that the amendments made by that Act are to take effect on the first day of the first month beginning more than 15 days after the date of the enactment of this Act. The Act was signed into law on April 11, 2006, and therefore, the effective date of the amendments to the milk marketing orders is May 1, 2006. To accomplish the expedited implementation of the amendments, the Act provides that the Secretary of Agriculture shall include in the pool distributing plant provisions of each Federal milk marketing order a provision that a handler, subject to the Act, will be fully regulated by the order in which the handler's distributing plant is located. Lastly, the Act provides that the amendments shall not be subject to a referendum under section 8c(19) the AMAA (7 U.S.C. 608c(19)).

This final rule is issued in conformance with the requirements Executive Order 12866. The amendments to the orders provided for herein have been reviewed under Executive Order 12988, Civil Justice Reform. They are not intended to have a retroactive effect. The amendments do not preempt any state or local laws, regulations, or policies unless they present an irreconcilable conflict with this rule.

The AMAA, as amended (7 U.S.C. 604-674), provides that administrative proceedings must be exhausted before parties may file suit in court. Under section 608c(15)(A) of the AMAA, any handler subject to an order may request modification or exemption from such order by filing with the Department a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with the law. A handler is afforded the opportunity for a hearing on the petition. After a hearing, the Department would rule on the petition. The Act provides that the

district court of the United States in any district in which the handlers is an inhabitant, or has a principal place of business, has jurisdiction in equity to review the Department's ruling on the petition, provided a bill in equity is filed not later than 20 days after the date of the entry of the ruling.

### **Regulatory Flexibility Act and Paperwork Reduction Act**

In accordance with the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), the Agricultural Marketing Service has considered the economic impact of this action on small entities and has certified that this final rule will not have a significant economic impact on a substantial number of small entities. For the purpose of the Regulatory Flexibility Act, a dairy farm is considered a "small business" if it has an annual gross revenue of less than \$750,000, and a dairy products manufacture is a "small business" if it has fewer than 500 employees.

For the purposes of determining which dairy farms are "small businesses," the \$750,000 per year criterion was used to establish a production guideline of 500,000 pounds per month. Although this guideline does not factor in additional monies that may be received by dairy producers, it should be an inclusive standard for most "small" dairy farmers. For purposes of determining a handler's size, if the plant is part of a larger company operating multiple plants that collectively exceed the 500-employee limit, the plant will be considered a large business even if the local plant has fewer than 500 employees.

Producer-handlers are defined as dairy farmers that process only their own milk production. These entities must be dairy farmers as a pre-condition to operating processing plants as producer-handlers. The size of the dairy farm determines the production level of the operation and is the controlling factor in the capacity of the processing plant and possible sales volume associated with the producer-handler entity. Determining whether a producer-handler is considered a small or large business must depend on its capacity as a dairy farm where a producer-handler with annual gross revenue in excess of \$750,000 is considered a large business.

For the month of January 2006, there were 38,279 dairy farmers were pooled on the Federal order system. Of the total, 35,503, or 93 percent were considered small businesses. During the same month, 399 plants were regulated by or reported their milk receipts to their respective Market Administrator. Of the total, 204, or 51 percent were

considered small businesses. There are approximately 78 producer-handlers in the Federal milk order program. Of this number, fewer than 5 of these producer-handlers would be considered large enough to potentially be affected by this final rule.

This final rule amends the current ten Federal milk marketing orders to: (1) Require fluid milk handlers located in Federal milk marketing order areas as described on the date of enactment, but not regulated by any Federal milk marketing order, to pay Federal order minimum prices to the Federal order where the handler is physically located for sales of packaged fluid milk into non-Federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for milk, excluding plants pooled on another Federal order, plants subject to minimum pricing under State regulations, exempt plants, and producer-handlers with less than three-million pounds of route distribution; (2) Partially or fully regulate any producer-handler that has total distribution of Class I products of own-farm production in excess of three-million pounds and distributes fluid milk in the Arizona-Las Vegas marketing order area; and (3) Remove the State of Nevada from the marketing area definition of any Federal order. These provisions assure that dairy farmers and handlers receive identical treatment regardless of size of their business.

The established criteria are applied in an identical fashion to both large and small businesses and will not have any different impact on those businesses producing fluid milk products. Therefore, the final rule will not have a significant economic impact on a substantial number of small entities.

A review of reporting requirements was completed under the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35). It was determined that this final rule would have no impact on reporting, record keeping, or other compliance requirements because they would remain identical to the current requirements. No new forms are proposed and no additional reporting requirements are necessary.

This final rule does not require additional information collection that needs clearance by the Office of Management and Budget (OMB) beyond currently approved information collection. The primary sources of data used to complete the forms are routinely used in most business transactions. The forms require only a minimal amount of information which can be supplied without data processing equipment or a

trained statistical staff. Thus, the information collection and reporting burden is relatively small. Requiring the same reports for all handlers does not significantly disadvantage any handler that is smaller than the industry average.

Further, given the provisions of the Milk Regulatory Equity Act of 2005, it is found, upon good cause, that further public procedure is unnecessary and impracticable and it is necessary and in the public interest to make this final rule effective May 1, 2006.

Accordingly, pursuant to the provisions of the Milk Regulatory Equity Act of 2005, the ten Federal milk marketing orders are amended as specified herein and this final rule becomes effective on May 1, 2006.

#### **List of Subjects in 7 CFR Part 1001, 1005, 1006, 1007, 1030, 1032, 1033, 1124, 1126, and 1131**

Milk marketing orders.

#### **Order Relative to Handling**

■ *It is therefore ordered*, that on and after the effective date hereof, the handling of milk in each of the aforesaid marketing areas shall be in conformity to and in compliance with the terms and conditions of the orders, as hereby amended.

■ For the reasons set forth in the preamble and under the authority set for in Public Law 109–215, 120 Stat. 328, 7 CFR parts 1001, 1005, 1006, 1007, 1030, 1032, 1033, 1124, 1126, and 1131 are amended as follows:

■ 1. The authority citation for 7 CFR parts 1001, 1005, 1006, 1007, 1030, 1032, 1033, 1124, 1126, and 1131 is revised to read as follows:

**Authority:** 7 U.S.C. 601–674, 7253; Pub. L. 109–215, 120 Stat. 328.

#### **PART 1001—MILK IN THE NORTHEAST MARKETING AREA**

■ 2. Add § 1001.7(d) to read as follows:

##### **§ 1001.7 Pool plant.**

\* \* \* \* \*

(d) Any distributing plant, located within the marketing area as described on April 11, 2006, in § 1001.2;

(1) From which there is route disposition and/or transfers of packaged fluid milk products in any non-Federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk provided that 25 percent or more of the total quantity of fluid milk products physically received at such plant (excluding concentrated milk received from another plant by agreement for other than Class I use) is

disposed of as route disposition and/or is transferred in the form of packaged fluid milk products to other plants. At least 25 percent of such route disposition and/or transfers, in aggregate, are in any non-Federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk. Subject to the following exclusions:

(i) The plant is described in § 1001.7(a), (b), or (e);

(ii) The plant is subject to the pricing provisions of a State-operated milk pricing plan which provides for the payment of minimum class prices for raw milk;

(iii) The plant is described in § 1000.8(a) or (e); or

(iv) A producer-handler described in § 1001.10 with less than three million pounds during the month of route dispositions and/or transfers of packaged fluid milk products to other plants.

(2) [Reserved].

\* \* \* \* \*

■ 3. Add § 1001.10(f) to read as follows:

##### **§ 1001.10 Producer-handler.**

\* \* \* \* \*

(f) Any producer-handler with Class I route dispositions and/or transfers of packaged fluid milk products in the marketing area described in § 1131.2 of this chapter shall be subject to payments into the Order 1131 producer settlement fund on such dispositions pursuant to § 1000.76(a) and payments into the Order 1131 administrative fund provided such dispositions are less than three million pounds in the current month and such producer-handler had total Class I route dispositions and/or transfers of packaged fluid milk products from own farm production of three million pounds or more the previous month. If the producer-handler has Class I route dispositions and/or transfers of packaged fluid milk products into the marketing area described in § 1131.2 of this chapter of three million pounds or more during the current month, such producer-handler shall be subject to the provisions described in § 1131.7 of this chapter or § 1000.76(a).

#### **PART 1005—MILK IN THE APPALACHIAN MARKETING AREA**

■ 4. Section 1005.7 is amended by revising introductory text, redesignating paragraph (g) to (h) and adding new paragraph (g) to read as follows:

§ 1005.7 Pool plant.

Pool plant means a plant specified in paragraphs (a) through (d) of this section, a unit of plants as specified in paragraph (e) of this section, or a plant specified in paragraph (g) of this section but excluding a plant specified in paragraph (h) of this section. The pooling standards described in paragraphs (c) and (d) of this section are subject to modification pursuant to paragraph (f) of this section:

\* \* \* \* \*

(g) Any distributing plant other than a plant qualified as a pool plant pursuant to § 1005.7(a) or paragraph (b) of this section or § \_\_\_\_ .7(b) of any other Federal milk order or § 1005.7(e) or § 1000.8(a) or § 1000.8(e); located within the marketing area as described on April 11, 2006, in § 1005.2, from which there is route disposition and/or transfers of packaged fluid milk products in any non-Federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk provided that 25 percent or more of the total quantity of fluid milk products physically received at such plant (excluding concentrated milk received from another plant by agreement for other than Class I use) is disposed of as route disposition and/or is transferred in the form of packaged fluid milk products to other plants. At least 25 percent of such route disposition and/or transfers, in aggregate, are in any non-Federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk. Subject to the following exclusion:

(1) The plant is subject to the pricing provisions of a State-operated milk pricing plan which provides for the payment of minimum class prices for raw milk;

(2) A producer-handler described in § 1005.10 with less than three million pounds during the month of route disposition and/or transfers of packaged fluid milk products to other plants.

\* \* \* \* \*

■ 5. Add § 1005.10(e) to read as follows:

§ 1005.10 Producer-handler.

\* \* \* \* \*

(e) Any producer-handler with Class I route dispositions and/or transfers of packaged fluid milk products in the marketing area described in § 1131.2 of this chapter shall be subject to payments into the Order 1131 producer settlement fund on such dispositions pursuant to § 1000.76(a) and payments into the Order 1131 administrative fund provided such dispositions are less than

three million pounds in the current month and such producer-handler had total Class I route dispositions and/or transfers of packaged fluid milk products from own farm production of three million pounds or more the previous month. If the producer-handler has Class I route dispositions and/or transfers of packaged fluid milk products into the marketing area described in § 1131.2 of this chapter of three million pounds or more during the current month, such producer-handler shall be subject to the provisions described in § 1131.7 of this chapter or § 1000.76(a).

PART 1006—MILK IN THE FLORIDA MARKETING AREA

■ 6. Section 1006.7 is amended by revising introductory text and adding paragraph (h) to read as follows:

§ 1006.7 Pool plant.

Pool plant means a plant specified in paragraphs (a) through (d) of this section, a unit of plants as specified in paragraph (e) of this section, or a plant specified in paragraph (h) of this section, but excluding a plant specified in paragraph (g) of this section. The pooling standards described in paragraphs (c) and (d) of this section are subject to modification pursuant to paragraph (f) of this section:

\* \* \* \* \*

(h) Any distributing plant, located within the marketing area as described on April 11, 2006, in § 1006.2;

(1) From which there is route disposition and/or transfers of packaged fluid milk products in any non-Federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk provided that 25 percent or more of the total quantity of fluid milk products physically received at such plant (excluding concentrated milk received from another plant by agreement for other than Class I use) is disposed of as route disposition and/or is transferred in the form of packaged fluid milk products to other plants. At least 25 percent of such route disposition and/or transfers, in aggregate, are in any non-Federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk. Subject to the following exclusions:

(i) The plant is described in § 1006.7(a), (b), or (e);

(ii) The plant is subject to the pricing provisions of a State-operated milk pricing plan which provides for the

payment of minimum class prices for raw milk;

(iii) The plant is described in § 1000.8(a) or (e); or

(iv) A producer-handler described in § 1006.10 with less than three million pounds during the month of route disposition and/or transfers of packaged fluid milk products to other plants.

(2) [Reserved].

■ 7. Add § 1006.10(e) to read as follows:

§ 1006.10 Producer-handler.

\* \* \* \* \*

(e) Any producer-handler with Class I route dispositions and/or transfers of packaged fluid milk products in the marketing area described in § 1131.2 of this chapter shall be subject to payments into the Order 1131 producer settlement fund on such dispositions pursuant to § 1000.76(a) and payments into the Order 1131 administrative fund provided such dispositions are less than three million pounds in the current month and such producer-handler had total Class I route dispositions and/or transfers of packaged fluid milk products from own farm production of three million pounds or more the previous month. If the producer-handler has Class I route dispositions and/or transfers of packaged fluid milk products into the marketing area described in § 1131.2 of this chapter of three million pounds or more during the current month, such producer-handler shall be subject to the provisions described in § 1131.7 of this chapter or § 1000.76(a).

PART 1007—MILK IN THE SOUTHEAST MARKETING AREA

■ 8. Section 1007.7 is amended by revising introductory text and adding paragraph (h) to read as follows:

§ 1007.7 Pool plant.

Pool plant means a plant specified in paragraphs (a) through (d) of this section, a unit of plants as specified in paragraph (e) of this section, or a plant specified in paragraph (h) of this section, but excluding a plant specified in paragraph (g) of this section. The pooling standards described in paragraphs (c) and (d) of this section are subject to modification pursuant to paragraph (f) of this section:

\* \* \* \* \*

(h) Any distributing plant, located within the marketing area as described on April 11, 2006, in § 1007.2;

(1) From which there is route disposition and/or transfers of packaged fluid milk products in any non-Federally regulated marketing area(s) located within one or more States that

require handlers to pay minimum prices for raw milk provided that 25 percent or more of the total quantity of fluid milk products physically received at such plant (excluding concentrated milk received from another plant by agreement for other than Class I use) is disposed of as route disposition and/or is transferred in the form of packaged fluid milk products to other plants. At least 25 percent of such route disposition and/or transfers, in aggregate, are in any non-Federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk. Subject to the following exclusions:

- (i) The plant is described in § 1007.7(a), (b), or (e);
- (ii) The plant is subject to the pricing provisions of a State-operated milk pricing plan which provides for the payment of minimum class prices for raw milk;
- (iii) The plant is described in § 1000.8(a) or (e); or
- (iv) A producer-handler described in § 1007.10 with less than three million pounds during the month of route disposition and/or transfers of packaged fluid milk products to other plants.

■ 9. Add § 1007.10(e) to read as follows:

**§ 1007.10 Producer-handler.**

(e) Any producer-handler with Class I route dispositions and/or transfers of packaged fluid milk products in the marketing area described in § 1131.2 of this chapter shall be subject to payments into the Order 1131 producer settlement fund on such dispositions pursuant to § 1000.76(a) and payments into the Order 1131 administrative fund provided such dispositions are less than three million pounds in the current month and such producer-handler had total Class I route dispositions and/or transfers of packaged fluid milk products from own farm production of three million pounds or more the previous month. If the producer-handler has Class I route dispositions and/or transfers of packaged fluid milk products into the marketing area described in § 1131.2 of this chapter of three million pounds or more during the current month, such producer-handler shall be subject to the provisions described in § 1131.7 of this chapter or § 1000.76(a).

**PART 1030—MILK IN THE UPPER MIDWEST MARKETING AREA**

■ 10. In § 1030.7 revise paragraphs (c)(1)(i) and (c)(2) and add paragraph (d) to read as follows:

**§ 1030.7 Pool plant.**

(c) \* \* \*  
 (1) \* \* \*  
 (i) Pool plants described in § 1030.7(a), (b), (d), and (e);  
 (2) The operator of a supply plant located within the States of Illinois, Iowa, Minnesota, North Dakota, South Dakota, Wisconsin and the Upper Peninsula of Michigan may include as qualifying shipments under this paragraph milk delivered directly from producers' farms pursuant to §§ 1000.9(c) or 1030.13(c) to plants described in paragraphs (a), (b), (d) and (e) of this section. Handlers may not use shipments pursuant to § 1000.9(c) or § 1030.13(c) to qualify plants located outside the area described above.

(d) Any distributing plant, located within the marketing area as described on April 11, 2006 in § 1030.2;

(1) From which there is route disposition and/or transfers of packaged fluid milk products in any non-federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk provided that 25 percent or more of the total quantity of fluid milk products physically received at such plant (excluding concentrated milk received from another plant by agreement for other than Class I use) is disposed of as route disposition and/or is transferred in the form of packaged fluid milk products to other plants. At least 25 percent of such route disposition and/or transfers, in aggregate, are in any non-federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk. Subject to the following exclusions:

- (i) The plant is described in § 1030.7(a), (b), or (e);
  - (ii) The plant is subject to the pricing provisions of a State-operated milk pricing plan which provides for the payment of minimum class prices for raw milk;
  - (iii) The plant is described in § 1000.8(a) or (e); or
  - (iv) A producer-handler described in § 1030.10 with less than three million pounds during the month of route disposition and/or transfers of packaged fluid milk products to other plants.
- (2) [Reserved]

■ 11. Add § 1030.10(f) to read as follows:

**§ 1030.10 Producer-handler.**

\* \* \* \* \*

(f) Any producer-handler with Class I route dispositions and/or transfers of packaged fluid milk products in the marketing area described in § 1131.2 of this chapter shall be subject to payments into the Order 1131 producer settlement fund on such dispositions pursuant to § 1000.76(a) and payments into the Order 1131 administrative fund provided such dispositions are less than three million pounds in the current month and such producer-handler had total Class I route dispositions and/or transfers of packaged fluid milk products from own farm production of three million pounds or more the previous month. If the producer-handler has Class I route dispositions and/or transfers of packaged fluid milk products into the marketing area described in § 1131.2 of this chapter of three million pounds or more during the current month, such producer-handler shall be subject to the provisions described in § 1131.7 of this chapter or § 1000.76(a).

■ 12. Revise § 1030.13(d)(3) to read as follows:

**§ 1030.13 Producer milk.**

(d) \* \* \*  
 (3) The quantity of milk diverted to nonpool plants by the operator of a pool plant described in § 1030.7(a), (b) or (d) may not exceed 90 percent of the Grade A milk received from dairy farmers (except dairy farmers described in § 1030.12(b)) including milk diverted pursuant to § 1030.13; and

■ 13. Revise § 1030.55(a) and (b) to read as follows:

**§ 1030.55 Transportation credits and assembly credits.**

(a) Each handler operating a pool distributing plant described in § 1030.7(a), (b), (d), or (e) that receives bulk milk from another pool plant shall receive a transportation credit for such milk computed as follows:

(b) Each handler operating a pool distributing plant described in § 1030.7(a), (b), (d), or (e) that receives milk from dairy farmers, each handler that transfers or diverts bulk milk from a pool plant to a pool distributing plant, and each handler described in § 1000.9(c) that delivers producer milk to a pool distributing plant shall receive an assembly credit on the portion of such milk eligible for the credit pursuant to paragraph (c) of this section. The credit shall be computed by

multiplying the hundredweight of milk eligible for the credit by \$0.08.

\* \* \* \* \*

**PART 1032—MILK IN THE CENTRAL MARKETING AREA**

■ 14. Section 1032.7 is amended by revising introductory text and adding paragraph (i) to read as follows:

**§ 1032.7 Pool plant.**

*Pool plant* means a plant, unit of plants, or system of plants as specified in paragraphs (a) through (f) of this section, or a plant specified in paragraph (i) of this section, but excluding a plant specified in paragraph (h) of this section. The pooling standards described in paragraphs (c) and (d) and (f) of this section are subject to modification pursuant to paragraph (g) of this section:

\* \* \* \* \*

(i) Any distributing plant, located within the marketing area as described on April 11, 2006 in § 1032.2;

(1) From which there is route disposition and/or transfers of packaged fluid milk products in any non-federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk provided that 25 percent or more of the total quantity of fluid milk products physically received at such plant (excluding concentrated milk received from another plant by agreement for other than Class I use) is disposed of as route disposition and/or is transferred in the form of packaged fluid milk products to other plants. At least 25 percent of such route disposition and/or transfers, in aggregate, are in any non-federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk. Subject to the following exclusions:

(i) The plant is described in § 1032.7(a), (b), or (e);

(ii) The plant is subject to the pricing provisions of a State-operated milk pricing plan which provides for the payment of minimum class prices for raw milk;

(iii) The plant is described in § 1000.8(a) or (e); or

(iv) A producer-handler described in § 1032.10 with less than three million pounds during the month of route disposition and/or transfers of packaged fluid milk products to other plants.

(2) [Reserved]

\* \* \* \* \*

■ 15. Add § 1032.10(f) to read as follows:

**§ 1032.10 Producer-handler.**

\* \* \* \* \*

(f) Any producer-handler with Class I route dispositions and/or transfers of packaged fluid milk products in the marketing area described in § 1131.2 of this chapter shall be subject to payments into the Order 1131 producer settlement fund on such dispositions pursuant to § 1000.76(a) and payments into the Order 1131 administrative fund provided such dispositions are less than three million pounds in the current month and such producer-handler had total Class I route dispositions and/or transfers of packaged fluid milk products from own farm production of three million pounds or more the previous month. If the producer-handler has Class I route dispositions and/or transfers of packaged fluid milk products into the marketing area described in § 1131.2 of this chapter of three million pounds or more during the current month, such producer-handler shall be subject to the provisions described in § 1131.7 of this chapter or 1000.76(a).

■ 16. Revise § 1032.13(d)(2) and (3) to read as follows:

**§ 1032.13 Producer milk.**

\* \* \* \* \*

(d) \* \* \*

(2) Of the quantity of producer milk received during the month (including diversions, but excluding the quantity of producer milk received from a handler described in § 1000.9(c)) the handler diverts to nonpool plants not more than 80 percent during the months of August through February, and not more than 85 percent during the months of March through July, provided that not less than 20 percent of such receipts in the months of August through February and 15 percent of the remaining month's receipts are delivered to plants described in § 1032.7(a), (b) or (i);

(3) Receipts used in determining qualifying percentages shall be milk transferred to or diverted to or physically received by a plant described in § 1032.7(a), (b) or (i) less any transfer or diversion of bulk fluid milk products from such plants;

\* \* \* \* \*

**PART 1033—MILK IN THE MIDEAST MARKETING AREA**

■ 17. Section 1033.7 is amended by revising introductory text and adding paragraph (j) to read as follows:

**§ 1033.7 Pool plant.**

*Pool plant* means a plant, unit of plants, or system of plants as specified in paragraphs (a) through (f) of this

section, or a plant specified in paragraph (j) of this section, but excluding a plant specified in paragraph (h) of this section. The pooling standards described in paragraphs (c) through (f) of this section are subject to modification pursuant to paragraph (g) of this section:

\* \* \* \* \*

(j) Any distributing plant, located within the marketing area as described on April 11, 2006, in § 1033.2;

(1) From which there is route disposition and/or transfers of packaged fluid milk products in any non-federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk provided that 25 percent or more of the total quantity of fluid milk products physically received at such plant (excluding concentrated milk received from another plant by agreement for other than Class I use) is disposed of as route disposition and/or is transferred in the form of packaged fluid milk products to other plants. At least 25 percent of such route disposition and/or transfers, in aggregate, are in any non-federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk. Subject to the following exclusions:

(i) The plant is described in § 1033.7(a) or (b);

(ii) The plant is subject to the pricing provisions of a State-operated milk pricing plan which provides for the payment of minimum class prices for raw milk;

(iii) The plant is described in § 1000.8(a) or (e); or

(iv) A producer-handler described in § 1033.10 with less than three million pounds during the month of route disposition and/or transfers of packaged fluid milk products to other plants.

(2) [Reserved]

■ 18. Add § 1033.10(f) to read as follows:

**§ 1033.10 Producer-handler.**

\* \* \* \* \*

(f) Any producer-handler with Class I route dispositions and/or transfers of packaged fluid milk products in the marketing area described in § 1131.2 of this chapter shall be subject to payments into the Order 1131 producer settlement fund on such dispositions pursuant to § 1000.76(a) and payments into the Order 1131 administrative fund provided such dispositions are less than three million pounds in the current month and such producer-handler had total Class I route dispositions and/or

transfer of packaged fluid milk products from own farm production of three million pounds or more the previous month. If the producer-handler has Class I route dispositions and/or transfers of packaged fluid milk products into the marketing area described in § 1131.2 of this chapter of three million pounds or more during the current month, such producer-handler shall be subject to the provisions described in § 1131.7 of this chapter or § 1000.76(a).

#### **PART 1124—MILK IN THE PACIFIC NORTHWEST MARKETING AREA**

■ 19. In § 1124.7 revise paragraph (d) introductory text and (d)(1) and add paragraph (e) to read as follows:

##### **§ 1124.7 Pool plant.**

\* \* \* \* \*

(d) A manufacturing plant located within the marketing area and operated by a cooperative association, or its wholly owned subsidiary, if, during the month, or the immediately preceding 12-month period ending with the current month, 20 percent or more of the producer milk of members of the association (and any producer milk of nonmembers and members of another cooperative association which may be marketed by the cooperative association) is physically received in the form of bulk fluid milk products (excluding concentrated milk transferred to a distributing plant for an agreed-upon use other than Class I) at plants specified in paragraph (a), (b), or (e) of this section either directly from farms or by transfer from supply plants operated by the cooperative association, or its wholly owned subsidiary, and from plants of the cooperative association, or its wholly owned subsidiary, for which pool plant status has been requested under this paragraph subject to the following conditions:

(1) The plant does not qualify as a pool plant under paragraph (a), (b), (c), or (e) of this section or under comparable provisions of another Federal order; and

\* \* \* \* \*

(e) Any distributing plant, located within the marketing area as described on April 11, 2006, in § 1124.2;

(1) From which there is route disposition and/or transfers of packaged fluid milk products in any non-federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk provided that 25 percent or more of the total quantity of fluid milk products physically received at such plant (excluding concentrated milk

received from another plant by agreement for other than Class I use) is disposed of as route disposition and/or is transferred in the form of packaged fluid milk products to other plants. At least 25 percent of such route disposition and/or transfers, in aggregate, are in any non-federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk. Subject to the following exclusions:

(i) The plant is described in § 1124.7(a) or (b);

(ii) The plant is subject to the pricing provisions of a State-operated milk pricing plan which provides for the payment of minimum class prices for raw milk;

(iii) The plant is described in § 1000.8(a) or (e); or

(iv) A producer-handler described in § 1124.10 with less than three million pounds during the month of route dispositions and/or transfers of packaged fluid milk products to other plants.

(2) [Reserved]

\* \* \* \* \*

■ 20. Add § 1124.10(f) to read as follows:

##### **§ 1124.10 Producer-handler.**

\* \* \* \* \*

(f) Any producer-handler with Class I route dispositions and/or transfers of packaged fluid milk products in the marketing area described in § 1131.2 of this chapter shall be subject to payments into the Order 1131 producer settlement fund on such dispositions pursuant to § 1000.76(a) and payments into the Order 1131 administrative fund provided such dispositions are less than three million pounds in the current month and such producer-handler had total Class I route dispositions and/or transfers of packaged fluid milk products from own farm production of three million pounds or more the previous month. If the producer-handler has Class I route dispositions and/or transfers of packaged fluid milk products into the marketing area described in § 1131.2 of this chapter of three million pounds or more during the current month, such producer-handler shall be subject to the provisions described in § 1131.7 of this chapter or § 1000.76(a).

#### **PART 1126—MILK IN THE SOUTHWEST MARKETING AREA**

■ 21. Section 1126.7 is amended by revising introductory text and adding paragraph (h) to read as follows:

##### **§ 1126.7 Pool plant.**

*Pool plant* means a plant specified in paragraphs (a) through (d) of this section, a unit of plants as specified in paragraph (e) of this section, or a plant specified in paragraph (h) of this section, but excluding a plant specified in paragraph (g) of this section. The pooling standards described in paragraphs (c) and (d) of this section are subject to modification pursuant to paragraph (f) of this section:

\* \* \* \* \*

(h) Any distributing plant, located within the marketing area as described on April 11, 2006, in § 1126.2;

(1) From which there is route disposition and/or transfers of packaged fluid milk products in any non-federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk provided that 25 percent or more of the total quantity of fluid milk products physically received at such plant (excluding concentrated milk received from another plant by agreement for other than Class I use) is disposed of as route disposition and/or is transferred in the form of packaged fluid milk products to other plants. At least 25 percent of such route disposition and/or transfers, in aggregate, are in any non-federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk. Subject to the following exclusions:

(i) The plant is described in § 1126.7(a), (b), or (e);

(ii) The plant is subject to the pricing provisions of a State-operated milk pricing plan which provides for the payment of minimum class prices for raw milk;

(iii) The plant is described in § 1000.8(a) or (e); or

(iv) A producer-handler described in § 1126.10 with less than three million pounds during the month of route disposition and/or transfers of packaged fluid milk products to other plants.

(2) [Reserved]

■ 22. Add § 1126.10(f) to read as follows:

##### **§ 1126.10 Producer-handler.**

\* \* \* \* \*

(f) Any producer-handler with Class I route dispositions and/or transfers of packaged fluid milk products in the marketing area described in § 1131.2 of this chapter shall be subject to payments into the Order 1131 producer settlement fund on such dispositions pursuant to § 1000.76(a) and payments into the Order 1131 administrative fund

provided such dispositions are less than three million pounds in the current month and such producer-handler had total Class I route dispositions and/or transfers of packaged fluid milk products from own farm production of three million pounds or more the previous month. If the producer-handler has Class I route dispositions and/or transfers of packaged fluid milk products into the marketing area described in § 1131.2 of this chapter of three million pounds or more during the current month, such producer-handler shall be subject to the provisions described in § 1131.7 of this chapter or § 1000.76(a).

**PART 1131—MILK IN THE ARIZONA—LAS VEGAS MARKETING AREA**

■ 23. Revise § 1131.2 to read as follows:

**§ 1131.2 Arizona-Las Vegas marketing areas.**

The marketing area means all territory within the bounds of the following states and political subdivisions, including all piers, docks and wharves connected therewith and all craft moored thereat, and all territory occupied by government (municipal, State or Federal) reservations, installations, institutions, or other similar establishments if any part thereof is within any of the listed states or political subdivisions:

Arizona

All of the State of Arizona.

■ 24. In § 1131.7 revise paragraphs (d) introductory text and (d)(1) and add paragraph (h) to read as follows:

\* \* \* \* \*

**§ 1131.7 Pool plant.**

\* \* \* \* \*

(d) A plant located within the marketing area and operated by a cooperative association if, during the month, or the immediately preceding 12-month period ending with the current month, 35 percent or more of the producer milk of members of the association (and any producer milk of nonmembers and members of another cooperative association which may be marketed by the cooperative association) is physically received in the form of bulk fluid milk products (excluding concentrated milk transferred to a distributing plant for an agreed-upon use other than Class I) at plants specified in paragraph (a), (b), or (h) of this section either directly from farms or by transfer from supply plants operated by the cooperative association and from plants of the cooperative association for which pool plant status

has been requested under this paragraph subject to the following conditions:

(1) The plant does not qualify as a pool plant under paragraph (a), (b), (c), or (h) of this section or under comparable provisions of another Federal order; and

\* \* \* \* \*

(h) Any distributing plant, located within the marketing area as described on April 11, 2006, in § 1131.2;

(1) From which there is route disposition and/or transfers of packaged fluid milk products in any non-Federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk provided that 25 percent or more of the total quantity of fluid milk products physically received at such plant (excluding concentrated milk received from another plant by agreement for other than Class I use) is disposed of as route disposition and/or is transferred in the form of packaged fluid milk products to other plants. At least 25 percent of such route disposition and/or transfers, in aggregate, are in any non-Federally regulated marketing area(s) located within one or more States that require handlers to pay minimum prices for raw milk. Subject to the following exclusions:

- (i) The plant is described in § 1131.7(a), (b), or (e);
- (ii) The plant is subject to the pricing provisions of a State-operated milk pricing plan which provides for the payment of minimum class prices for raw milk;
- (iii) The plant is described in § 1000.8(a) or (e); or
- (iv) A producer-handler described in § 1131.10 with less than three million pounds during the month of route dispositions and/or transfers of packaged fluid milk products to other plants.

(2) [Reserved].

\* \* \* \* \*

■ 25. Add § 1131.10(f) to read as follows:

**§ 1131.10 Producer-handler.**

\* \* \* \* \*

(f) Any producer-handler with Class I route dispositions and/or transfers of packaged fluid milk products in the marketing area described in § 1131.2 shall be subject to payments into the Order 1131 producer settlement fund on such dispositions pursuant to § 1000.76(a) and payments into the Order 1131 administrative fund provided such dispositions are less than three million pounds in the current month and such producer-handler had

total Class I route dispositions and/or transfers of packaged fluid milk products from own farm production of three million pounds or more the previous month. If the producer-handler has Class I route dispositions and/or transfers of packaged fluid milk products into the marketing area described in § 1131.2 of three million pounds or more during the current month, such producer-handler shall be subject to the provisions described in § 1131.7 or § 1000.76(a).

Dated: April 25, 2006.

**Lloyd C. Day,**

*Administrator, Agricultural Marketing Service.*

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