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Sponsor Statement HB 435

“An Act relating to the prices paid by milk processing plants to suppliers of fluid milk.”

[HB 435](#) will help dairy farmers receive fair pricing for the milk fat content of the milk they supply to processing plants. Milk pricing has become fairly complex in today’s marketplace, and is based on a combination of factors including how much the milk contains of protein, butterfat, non-fat solids and bacteria.

Milk fat, because it is used in high-value products such as ice cream, is more valuable to the processor, and farmers should be encouraged to manage their herds for higher milk fat content.

In Alaska, if the fat content of a particular dairy farmer’s milk drops below a rate established by the processor, the creamery will take a deduction in the amount the farmer is paid. On the other hand, if the fat content rises above the established rate, the creamery does not pay the farmer extra.

In the Lower 48, federal and state laws have devised a system of milk marketing orders, which ensure the farmer gets a fair price for the milk he produces. Milk fat content is an important part of those marketing orders and, for example, when [Matanuska Maid](#) purchases bulk milk (from other states or from Canada) for its processing plant in Anchorage, the percentage of milk fat is a consideration.

HB 435 simply injects this fairness into the milk marketplace in Alaska by stipulating that if a milk processor opts to penalize a dairy farmer for low milk fat content, it must also reward those farmers who produce a high milk fat content.