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U.S. House of Representatives Committee on Agriculture

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March 26, 2009

The Honorable Tom Vilsack, Secretary
U.S. Department of Agriculture
14th and Independence Ave., S.W.
Washington, DC 20250

Dear Mr. Vilsack:

On January 30th, you received a petition from the National Milk Producers Federation (NMPF) and supported by the International Dairy Foods Association (IDFA) requesting that all Federal Milk Marketing Orders be amended to "end special treatment of so-called producer-handlers," and for other purposes.

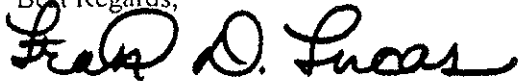
As you are aware, on April 11, 2006, Congress enacted the Milk Regulatory Equity Act (MREA) of 2005 (P.L. 109-215) which sought to address concerns that had been raised by the NMPF and IDFA regarding the treatment of producer-handlers. While NMPF and IDFA had registered concerns about all producer-handlers, they specifically targeted a producer-handler located in Arizona with route distribution in California. Under the model practiced by the Arizona producer-handler, the milk sold into California from out of state could not be regulated under the California state milk market order; nor could it be regulated under the federal order encompassing the state of Arizona since the distribution was outside the milk marketing area. Congress evaluated this issue and deemed this situation to be a regulatory loophole which was closed with the passage of the MREA.

Although Congress had the opportunity to regulate all producer-handlers during consideration of the MREA, it specifically elected not to do so. This was in part the result of concerns raised by myself and others for the affect this broader legislative mandate would have on popular producer-handlers operating successfully in my state and around the country. In fact, Congress specifically addressed this issue through the inclusion of compromise language in the form of a "Rule of Construction," which directed that the Department not construe the actions of Congress with regard to producer-handlers selling into states that have state-wide milk marketing orders as instructing the Department to regulate producer-handlers nationwide.

Having addressed this issue recently through a lengthy legislative process and deciding not to regulate producer-handlers nationwide, I would request that you carefully consider this legislative history when making any determination on how to proceed with the petitions of NMPF and IDFA.

Thank you for your consideration.

Best Regards,

A handwritten signature in black ink, appearing to read "Frank D. Lucas". The signature is fluid and cursive, with the first name "Frank" being more prominent and stylized.

Frank D. Lucas,
Ranking Member

Wm. Peterson
M.C.

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