

CHAPTER 341.

[Sub. H. B. 402.]

DAIRY INDUSTRY REGULATION.

AN ACT relating to state government and regulation of the dairy industry; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. As a matter of legislative determination, it is hereby declared that milk is a necessary article of food for human consumption; that the production and maintenance of an adequate supply of healthful milk is vital to the public health and welfare; that uneconomic practices in the production of milk within the state of Washington constitute a constant menace to the health and welfare of the inhabitants of this state and undermine sanitary regulations and standards of content and purity of milk; that, even with stringent enforcement of sanitary regulations, these uneconomic practices threaten seriously to impair and ultimately to destroy the supply of wholesome and healthful milk for adults and children within this state; that these facts create an emergency situation; and that, to preserve the health of the people of this state, it is necessary in such an emergency and in the public interest that the distribution and sale thereof be regulated as provided herein.

Regulating the distribution and sale of milk—declaration of necessity for.

As a further and subsequent matter of legislative determination, it is hereby declared that the production, sale, and distribution of milk and certain milk products in this state are affected with serious conditions affecting milk producers; that milk is a most necessary human food, vital for promotion of the public health and for the development of strength and vigor of the people of this state; that milk is a most fertile field for the growth of bacteria; that the cost of production of milk has been increased by more costly sanitary requirements than those of any other com-

Legislative determination.

modity in this state; that milk consumers are not assured of a constant and sufficient supply of pure and wholesome milk unless the high cost of maintaining sanitary conditions of production and standards of purity is reflected in the return to the producers of milk and, if this is not done, large numbers will dispose of their herds and remaining producers will supply milk of lower quality because of financial inability to comply with sanitary requirements and to keep vigilant against contamination; that public health is menaced when milk processors do not or can not pay a price to producers commensurate with the cost of sanitary production; that milk processors handle surplus in excess of emergency requirements of normal variations of fluid consumption and in excess of seasonal variations in production, which excess tends to demoralize the industry; that milk producers must make delivery of their highly perishable commodity immediately after it is produced and generally must be disposed in any market at any price; that, under the prevailing method of payment existing in the milk industry, this market price is unknown until the milk processor sells the fluid milk and uses or disposes of the surplus; that usually only processors have facilities for accurately weighing and testing milk; that the knowledge of weights, tests, and uses is in most instances in the exclusive possession of the processor; that the producers' lack of control over their market is aggravated by the trade custom of processors of paying weeks after delivery, thereby keeping producers obligated to continue delivery in order to receive payment for previous sales, and permitting processors to operate on producers' capital without giving security therefor, hence subjecting milk producers to fraudulent practices and imposition and denying to them the freedom of contract necessary to procure the cost of production; that public control of the milk industry

in recent years is stabilizing the conditions therein and any relaxation of such control will cause a return to the unhealthful, uneconomic, deceptive, and destructive practices of the past with respect to this paramount industry upon which the health and welfare of the state largely depends; and that it is necessary, to preserve and to promote the strength and vigor of the inhabitants of this state, to protect the public health and welfare, to treat the production, of milk in this state, as a business continuously affecting the public health and continuously affected with the public interest.

SEC. 2. As used in this act:

- (1) "Director" means the director of agriculture of the state of Washington. Defined.
"Director."
- (2) "Milk shed" means any area containing not less than one thousand persons designated by the director as a natural marketing area, and may include one or more cities and towns. "Milk shed."
- (3) "Person" means any person, firm, partnership, corporation, or association. "Person."
- (4) "Processor" means one who purchases milk for processing, manufacturing, sale, or distribution. "Processor."
- (5) "Producer" means a person who produces milk from cows and sells it for human or animal food, or medicinal or industrial uses. "Producer."

SEC. 3. The director of agriculture is authorized to designate as emergency areas those milk sheds of the state where the price paid to producers of milk for their product is below the cost of production. The director after making such determination of an emergency area, and based thereon, may fix by official order, the minimum prices producers of milk are to receive for their product during the emergency period which period shall not exceed ninety days. Such minimum price so fixed by the director may vary according to the kinds, grades, and classes of milk; the usages thereof; to the types and sales

Designation of emergency areas.

Minimum prices for producer fixed.

Emergency period.

Minimum price may vary.

Limitation on designation of emergency area.

thereof; and to the localities in which such prices shall apply, but each price fixing order issued by the director shall be uniformly applicable to all persons subject thereto, and shall define the various classifications established by such order. Upon termination of the ninety days included within the order the director shall not again designate such areas as emergency areas until the lapse of an additional thirty days.

Considerations in price fixing.

SEC. 4. The director may determine, from knowledge of the milk industry and investigations of economic and other conditions therein, what prices for milk handled or sold in the milk shed covered by this act will adequately protect the milk industry and insure a sufficient quantity of pure and wholesome milk to adults and children, having special regard to the health and welfare of children, and the public interest; the director shall take into consideration all conditions affecting the milk industry, including the amount necessary to yield a reasonable return to the milk producer. In determining what is a reasonable return to the producer, the director shall take into consideration the necessary cost incurred in maintaining dairy animals in a healthy condition, the cost of wages of employees sufficient for their subsistence at levels generally prevailing, and for the safeguarding of their health and defraying the ordinary fixed charges and operating expenses incidental to the ownership, control, and management of a herd of average numerical size, including a reasonable amount for annual rent of land and equipment necessarily utilized therein.

Price fixing of excess milk.

SEC. 5. When, in the judgment of the director, it is necessary or advisable during the emergency period in order to promote a proper balance between the supply of and the demand for milk, to fix a lesser price for milk which is produced in excess of that needed for food consumption, the director may es-

establish a quantity or quota applicable to each producer, and to certain classes of producers, or to producers producing for a certain market or markets. For that purpose the director may require any processor to supply necessary information about the quantities of milk received from producers during a specified period of time, and to determine a quota or quantity for each producer in accordance with the rules to be adopted by the director. The director may determine the prices to be received by producers for milk within the quota and the price for milk in excess of it. When the director shall establish a price order applicable to sales of milk in a milk shed, all transactions, whether within or without the milk shed, relating to milk subsequently handled within the milk shed shall be in accordance with such order. Any processor buying milk, any part of which is subsequently handled or processed within a milk shed or any part of which is commingled with milk which is subsequently handled or processed within a milk shed, from any producer in such designated emergency area shall pay to such producer for all of such milk bought such prices as may be prescribed by the director during such emergency.

Producer
quota
established.

Application to
processor.

SEC. 6. The director shall exercise the powers granted under the preceding section of this act by rule, regulation and order which shall have the force and effect of law. Whoever violates such rule, regulation, or order shall, on conviction, be guilty of a misdemeanor, and each day's violation shall constitute a separate offense.

Effect of rules
and orders.

Violation—
misdemeanor.

SEC. 7. This act shall not be construed to affect in any manner the relations between any agricultural cooperative marketing association, organized pursuant to the laws of Washington or of the United States, and its members or producers selling to it: *Provided*, That any such association shall itself com-

Application to
agricultural
cooperative
marketing
associations.

ply with the provisions hereof as a producer with respect to milk sold to handlers or processors.

Expiration.

SEC. 8. The provisions of sections 2 through 7 of this act shall expire and be of no further force and effect after September 30, 1956.

Emergency.

SEC. 9. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the House March 1, 1955.

Passed the Senate March 5, 1955.

Approved by the Governor March 21, 1955.

CHAPTER 342.

[H. B. 111.]

DIKING DISTRICTS—SALE OF PROPERTY.

AN ACT authorizing diking districts to sell property; providing method of sale; authorizing certain powers; and adding to chapter 85.04 RCW, five new sections.

Be it enacted by the Legislature of the State of Washington:

New sections.

SECTION 1. There is added to chapter 85.04 RCW, five new sections, as set forth in sections 2 through 6 of this act, to read as follows:

Authorization to sell property, real or personal, of diking district.

SEC. 2. Whenever, in the judgment of a board of commissioners of any diking district heretofore or hereafter organized, real or personal property, or any part thereof, owned by said district, is no longer of use to or needed by such district, or if personal property has become obsolete, the same may be sold by the board of commissioners of said district at public or private sale.

SEC. 3. Whenever in the judgment of the commissioners of any diking district, it is advisable so to sell real or personal property, the board of