

Vermont Milk Commission Hearing on Proposed Premium

There was little unqualified support expressed for an over-order premium on retail milk sales at a public hearing on the proposal by the Vermont Milk Commission September 9. Most testifying at the hearing said they appreciate the effort to strengthen farm prices. But the over-order premium would likely have unintended consequences that would hurt rather than help.

The proposal would impose an over-order premium – the difference between \$27 per cwt. and the Class I price in Boston – on retail milk sales in Vermont. The commission said that would stop the upward “ratcheting” of rising retail prices that don’t come down when farm prices fall. It says its data shows the surplus profit margin for retailers rose from 27 cents per gallon to 54 cents from September 2007 to May 2008.

The commission meets Oct. 16 to deliberate on the proposal. If it adopts the premium, it would have to be approved by a referendum of the state’s producers.