

## *Milk from Family Dairies Act of 2026*

### Section-by-Section Summary

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**Sec. 1. Short Title.** “The Milk from Family Dairies Act of 2026.”

**Sec. 2. Definition of Secretary.** Defines “Secretary” as the Secretary of Agriculture.

**Sec. 3. Dairy Market Stabilization Program.** Creates the Dairy Market Stabilization Program (“the Program”) by amending the Dairy Production Stabilization Act of 1983 and provides the definitions for the Program.

#### *Establishment of the Dairy Market Stabilization Program*

**Program establishment.** Establishes the Program through a proposed and final order process that applies to all dairy producers (except organic producers) within the contiguous U.S. that produce milk for sale commercially. Requires and establishes a voting procedure for a referendum among dairy producers within five years of the Program starting to determine whether the Program should continue to exist.

**National Board.** Establishes a National Dairy Producer Board (the “National Board”) to advise the Secretary on the administration of the Program at the national level.<sup>1</sup>

Requires the composition of the National Board be members appointed by the Secretary who serve three-year terms – two producers from each Program region, one representative of dairy consumers, one representative of fluid milk bottlers, and one representative of dairy product processors.

Requires the Secretary to appoint a non-voting dairy economist advisor of the National Board.

**Duties of the National Board.** Requires the National Board to carry out specific duties, which include:

- Estimating the total quantity of milk produced and consumed in the contiguous U.S. in coordination with the USDA’s Economic Research Service on an annual basis
- Establishing a variable floor price for milk, based on the herd size of each dairy, which considers multiple factors including the domestic on-farm cost of producing raw milk based on herd size
- Administering the national production base and regional production base system



**Appeals Committee.** Establishes a Producer Appeals Committee to advise the Secretary on appeals of Program decisions.

**Regional Boards.** Establishes Regional Milk Marketing Order Boards (the “Regional Boards”) to advise the Secretary on the administration of the Program with respect to each region.

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<sup>1</sup> This bill authorizes new authorities for, and requirements of, the Secretary, many of which are “under the advisement of the National Board” or “under the advisement of the Regional Boards.” For efficiency’s sake, this section-by-section uses “National Board” or “Regional Boards” as shorthand for “the Secretary, under the advisement of the [Relevant] Board” as it appears in the bill’s text.

Requires the composition of each Regional Board be 15 elected members who serve five-year terms – 12 producers, one representative of dairy consumers, one representative of fluid milk bottlers, and one representative of dairy product processors.

Requires an election by dairy producers in each region to select Regional Board members where each producer has one vote per region in which the producer has a dairy.

Establishes Regional Board transparency and accountability requirements, including regular county- and state-level meetings and public hearings, and GAO reviews of those requirements.

Establishes an administrative fee to fund the activities of each Regional Board, paid for by producers in each region, the amount of which will be as necessary for a Regional board to carry out its activities and subject to GAO review.

**Duties of the Regional Boards.** Requires each Regional Board to carry out specific duties, and in accordance with the floor price and the national production base and regional production base system, including:

- Purchasing milk from producers and selling milk to processors and coordinating milk handling logistics from dairies to processors including by licensing milk haulers
- Adjusting producer pay prices at higher rates than the floor price based on regional costs and milk component ratios (butterfat and protein), quality, or other factors
- Creating an exemption and attestation requirement and process for direct-to-consumer producers who get a price for their milk that is higher than the floor price

Creates process for noncontiguous States and territories to participate in the Program, including the revision of the establishing order and appointment of two members of the National Board from the region by the Secretary.

#### *Operation of the Dairy Market Stabilization Program*

**Production bases and allowable milk marketings.** Establishes a national production base (the total amount milk that all producers may produce nationally during a calendar year), regional production bases (the total amount of milk that all producers may produce in a region during a calendar year), and allowable milk marketings (the amount of milk that a producer may produce during a quarter without incurring a market access fee) through the above-mentioned order.

Requires the National Board to establish the national production base for a calendar year, allocate a regional production base for that year to each region, and notify each Regional Board of the regional production base allocated to its respective region, at least 30 days before the first day of that calendar year.

Requires the Regional Board to allocate each producer in a region allowable milk marketings that the producer may produce during each quarter of that calendar year from the applicable regional production base for that calendar year.

**First year of the Program.** Requires the regional production base for each region to be determined by aggregating the allowable milk marketings for each producer in the region, and the national production base to be determined by aggregating each of the regional production bases.

Allows producers who marketed milk during each of the three calendar years preceding the bill's enactment to choose whether their allowable milk marketings for the first year of the Program are based on the average of the milk marketings for the corresponding quarters of the previous three calendar years *or* the milk marketings for the corresponding quarters of the calendar year preceding the bill's enactment.

Requires the Regional Boards to establish allowable milk marketings for other producers who did not market milk during each of the three calendar years preceding the bill's enactment, but who are marketing milk, in an amount determined to be appropriate and subject to review by the Producer Appeals Committee.

**Subsequent years of the program.** Requires the National Board to determine whether the national production base for the previous year exceeded the national demand for milk or the national demand for milk exceeded the national production base for the previous year, and to adjust the national production base and each regional production base for the purposes of aligning milk supply and demand and ensuring each producer with allowable milk marketings receives a floor price at least matching their average cost of production based on the herd size of their dairy, and based on any adjustments to allowable milk marketings.

Requires the Regional Boards to adjust the allowable milk marketings for producers for the purpose of aligning milk supply with demand and in the case of new producers who are beginning milk marketing.

Requires creation of a waitlist for each region of new producers requesting to market milk in the region who demonstrate sufficient experience and expertise in dairy farming, prioritizing producers who have not previously commercially marketed milk.

Requires the Regional Boards to prioritize the allocation of additional allowable milk marketings to new producers if the national production base increases because national demand exceeded the national production base the previous year. Requires the Regional Boards to prioritize reductions in allowable milk marketings (but not more than 10% in a year) from producers who possess the most allowable milk marketings if in the national production base decreases because the national base exceeded national demand the previous year.

Limits the allowable milk marketings of a producer to not greater than 1,000% of the national average of the allowable milk marketings for all producers.

Allows a dairy producer to appeal to the National Board the allowable milk marketings established for them; allows producers on the same dairy to share allowable milk marketings allocated to them with each other; and allows a dairy producer to transfer their allowable milk marketings to one or more producers for the purposes of downsizing or increasing the size of a dairy or transferring allowable milk marketings to one or more producers on the same dairy, subject to limitations. Limitations on allowable milk marketings transfers include not more than half of the allowable milk marketings being transferred going to one or more other producers (the remainder of which would be distributed to new producers by the Regional Board), and producers cannot receive a transfer that is more than half the amount of their allowable milk marketings prior to the transfer.

Prohibits monetizing, leasing, selling, or trading allowable milk marketings for financial or material gain, and includes penalties for violations of those prohibitions, which may include a reduction in allowable milk marketings, fines, increased market access fees, and other penalties determined by the National Board.

Adjusts (by proportionally increasing) allowable milk marketings for leap years.

**Online database.** Requires the National Board to create an online database that allows producers to access information related to allowable milk marketings, facilitates the transfer of allowable milk marketings as allowed, and provides other information determined by the National Board.

**Market Access Fees.** Establishes standard market access fees that disincentivize overproduction of milk and are in amounts greater than the income derived by a producer from marketing milk in excess of the allowable milk marketings of the producer.

Assesses a standard market access fee if a producer exceeds their allowable milk marketings in a quarter. Requires the Regional Board to send a notice to the producer and to each of that producer's milk handlers within 25 days after the end of that quarter that describes the market access fee to be assessed against the producer during the following quarter, and requires each notified milk handler to collect an assessment per hundredweight of milk from the producer in the amount of the market access fee described in the notice and deposit the assessment amounts into a protected account at the Treasury.

Establishes an alternative market access fee, which divides the standard market access fee into three equal monthly deductions from the producer's revenues, triggered by a producer notifying the appropriate Regional Board in writing within seven days after the end of a quarter.

Requires the milk handler for the one or more owners of the milk-producing cows at a dairy who receives a market access fee notice from the Regional Board to give further notice that the market access fees shall be deducted from the proceeds of the dairy and submitted to the appropriate Regional Board.

**Dividends.** Pays dividends from the collection of market access fees to all producers who produce and market a quantity of milk that is less than or equal to the allowable milk marketings of the producer for that quarter, in an amount based on the ratio between each hundredweight of allowable milk marketings produced that quarter by the producer and total hundredweights produced by all producers that did not exceed the applicable allowable milk marketings that quarter.

Requires that the total amount of market access fee dividends available during a quarter are equal to the cumulative market access fees collected for a quarter, that market access fee dividends for a quarter be distributed to each qualifying producer not later than 30 days after the last day of the following quarter, that payment of dividends be by check or direct deposit, and that producers must be actively engaged in farming as defined by the bill to be eligible to receive a dividend.

**Large Dairies.** Exempts large dairies (operations with allowable milk marketings that exceed 1,000% of the national average) from being assessed market access fees and receiving market access fee dividends for the first two years of the Program and requires the National Board to establish allowable milk marketings for large dairies.

Provides resources to the Secretary to incentivize large dairies to reduce milk production and the allowable milk marketings to less than 1,000% of the national average, including:

- Buying a portion of the allowable milk marketings of the dairy operations
- Providing an additional premium per dairy cow sold to producers that have allowable milk marketings that are less than 1,000% of the national average
- Assisting the dairy operations in restructuring loans that will assist the dairy operations in downsizing
- Other incentives the National Board determines to be appropriate

**Program suspensions.** Suspends existing dairy programs (Dairy Margin Coverage, Dairy Revenue Protection, “dairy cliff” permanent law and other milk-related provisions of the Agricultural Act of 1949) when the Program is in effect.

#### **Sec. 4. Import Control Reforms.**

**Dairy import license fees.** Requires the Secretary to increase the fee for a license to import dairy articles subject to tariff-rate quotas to the extent it is permitted by trade agreements.

**Quantity of raw milk imports.** Requires the Secretary to determine and publish the quantity of raw milk in all dairy products imported into the U.S. once each quarter of a calendar year.

**Tariff-rate Quotas.** Requires the Secretary to subject all dairy products and derivatives to the tariff-rate quotas set forth in the Harmonized Tariff Schedule and lower quotas on dairy products to the extent permitted by trade agreements.

**Sense of Congress.** Establishes the sense of Congress that trade negotiations should lower quotas for imports of dairy products and further restrict imports of more dairy products and dairy products imported from more countries.

#### **Sec. 5. Market Consolidation Reports.**

Requires the Secretary to annually conduct a review of, and publish a publicly available report on, the economic impacts of horizontal and vertical integration by cooperative and noncooperative entities on farm-gate prices for dairy producers and grocery prices for dairy consumers.

#### **Sec. 6. Regional Dairy Infrastructure Reforms.**

**Training programs.** Requires the Secretary to establish programs for grants for training programs relating to small-scale dairy at land-grant colleges and universities; for grants, loans, and technical assistance to dairy farmworkers transitioning to dairy farm ownership; and for apprenticeships related to dairy production in coordination with Regional Boards and authorizes to be appropriated \$50,000,000 over five years to carry out this subsection.

**Dairy Business Innovation Initiatives.** Expands access to the DBIs to all 50 states and five U.S. territories and increases amount authorized to be appropriated from \$20,000,000 to \$50,000,000 for each fiscal year.

**Cost-share Grants for Small-scale Dairy Infrastructure.** Requires the Secretary to establish a program to provide funding for investments in infrastructure to enhance regional milkshed markets that seek to drive a greater affinity for regionally sourced and processed dairy products by incentivizing support for relevant activities, including:

- the development of new dairy processing plants that support multiple regional small dairy operations
- initiatives that establish institutional purchasing of local dairy products
- investment in infrastructure on farms and in sites that aggregate raw milk
- the establishment of on-farm dairy processing and storage
- producers and processors that want to expand regional processing infrastructure serving regionally produced milk from multiple regional small dairy operations, including by supporting work to finalize business plans and providing processor start-up capital
- initiatives that support increasing regional processing capacity to facilitate co-packing and tolling for regionally produced milk from multiple regional small dairy operations and authorizes to be appropriated \$50,000,000 over five years to carry out this subsection.

**Local Agriculture Market Program.** Expands LAMP to each State, American Samoa, Puerto Rico, and the Northern Mariana Islands, increases mandatory funding from \$50,000,000 to \$200,000,000 for each fiscal year, and increases amount authorized to be appropriated from \$20,000,000 to \$75,000,000 for each fiscal year.

Requires the Secretary to carry out the training programs and cost-share grants for small-scale dairy infrastructure program established in this section in each of the 50 states and the five U.S. territories.