

**Presentation to the 67th IAMCA
Annual Conference
Harrisburg, Pennsylvania
Tuesday, August 19, 2003**

A REVIEW OF NEW YORK'S MILK PRICE GOUGING LAW

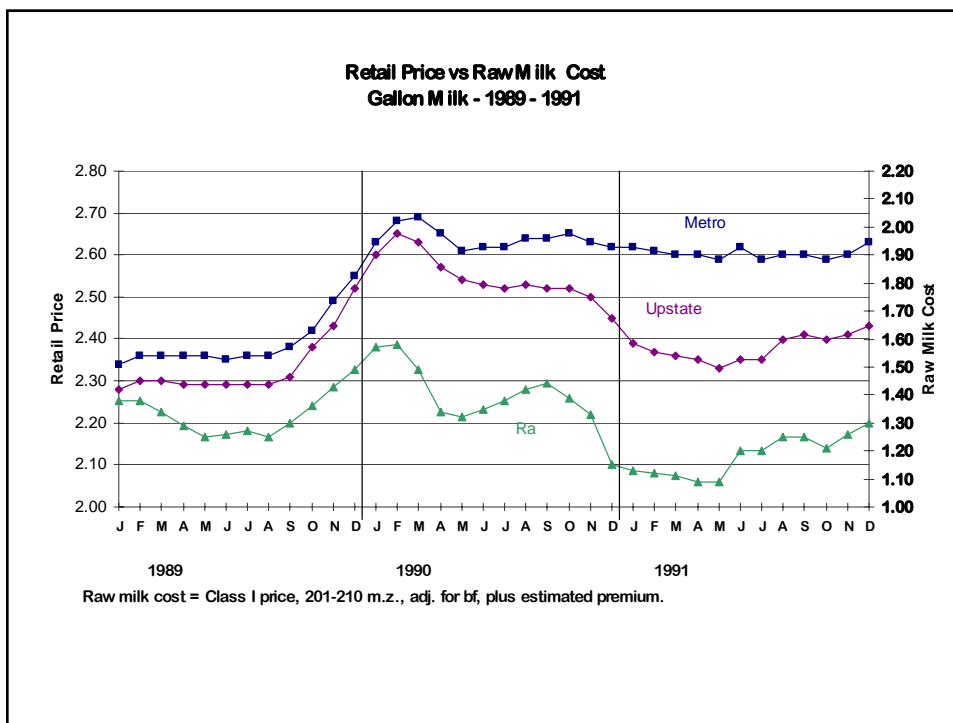
**Charles Huff
Division of Milk Control and Dairy Services
New York State Department of
Agriculture and Markets**

OUTLINE

- Why A Milk Price Gouging Law
- Key Provisions of the Law
- How Do We Administer & Enforce The Law
- Has The Law Been Effective

Why A Milk Price Gouging Law

- Farm prices plunged and retail prices, especially in Metro NY, fell only a small amount.



**Retail Price vs Raw Milk Cost
Gallon Milk - 1989 - 1991**

	1989			1990			1991		
	Metro Retail	Upst Retail	Raw Milk Cost	Metro Retail	Upst Retail	Raw Milk Cost	Metro Retail	Upst Retail	Raw Milk Cost
J	2.34	2.28	1.38	2.63	2.60	1.57	2.62	2.39	1.13
F	2.36	2.30	1.38	2.68	2.65	1.58	2.61	2.37	1.12
M	2.36	2.30	1.34	2.69	2.63	1.49	2.60	2.36	1.11
A	2.36	2.29	1.29	2.65	2.57	1.34	2.60	2.35	1.09
M	2.36	2.29	1.25	2.61	2.54	1.32	2.59	2.33	1.09
J	2.35	2.29	1.26	2.62	2.53	1.35	2.62	2.35	1.20
J	2.36	2.29	1.27	2.62	2.52	1.38	2.59	2.35	1.20
A	2.36	2.29	1.25	2.64	2.53	1.42	2.60	2.40	1.25
S	2.38	2.31	1.30	2.64	2.52	1.44	2.60	2.41	1.25
O	2.42	2.38	1.36	2.65	2.52	1.39	2.59	2.40	1.21
N	2.49	2.43	1.43	2.63	2.50	1.33	2.60	2.41	1.26
D	<u>2.55</u>	<u>2.52</u>	<u>1.49</u>	<u>2.62</u>	<u>2.45</u>	<u>1.15</u>	<u>2.63</u>	<u>2.43</u>	<u>1.30</u>
AVG.	2.39	2.33	1.33	2.64	2.55	1.40	2.60	2.38	1.18

Raw milk cost = Class I price, 201-210 m.z., adj. for bf, plus estimated premium.
Prepared by NYS Department of Agriculture and Markets

Why A Milk Price Gouging Law

- Farm prices plunged and retail prices, especially in Metro NY, fell only a small amount.
- Timing - the political “stars” were in alignment!! Do something to improve price situation for farmers and protect consumers against too high milk prices.

Why A Milk Price Gouging Law (cntd)

- Two separate bills in play: Amend Roger-Allen Act under AML to allow Commissioner to set interim over-order price, upon petition by producers. Under GBL, add new section to general price gouging statute
- Legislative action was fast & furious - both bills passed!

Key Provisions of the Law

- Title: General Business Law, section 396-rr. Price Gouging; milk.
- Effective June 1991
- Applies to the retail sale of fluid milk (milk, lowfat and skim) sold in consumer size packages for off premise consumption

Key Provisions of the Law (cntd)

- Whenever the retail price exceeds 200% of the farm price for Class 1 milk, the Commissioner has the responsibility to investigate and determine whether or not such price appears unconscionably excessive.
- Once this determination is made, a store has the opportunity to either lower its price or justify to the satisfaction of the Commissioner that the price is not unconscionably excessive.

Key Provisions of the law (cntd)

- If the store does not lower its price or the Commissioner does not accept its justification of the price, the case is referred to the Attorney General.
- Whether a price is unconscionably excessive is a question of law for the court. Evidence that: (a) the price charged at retail represents a gross disparity between raw milk price paid to producers plus a reasonable handler's processing and distribution charge and the price at retail; or.

Key provisions of the law (cntd)

- © increased price charged by the person was not attributable to additional charges by its suppliers, or other charges beyond the control of the person, including cost of labor,
- Once case referred to AG, he may pursue enforcement action against the store, including an order enjoining the alleged unlawful acts. Court shall determine total excessive charge for milk sold and assess a civil penalty in that amount plus additional specified monetary penalty.

Key provisions of the law (cntd)

- When state over-order price in effect, violation if price increase at retail is greater than increase paid to producer under such order

How we administer the law

- Calculate 200%, known as Threshold Price, for gallons, h-gal, qts. Do for two broad regions of the state: Upstate and Metro NYC. Based on milk at 3.5% butterfat.

Date: 7/18/03

THRESHOLD PRICE CALCULATION

(1) Threshold price: AUG 2003

	Cwt.	Cwt.	Gal	Hgal
	Metro	Upstate		
Base price: at NYC and Syracuse				
Class 1 at 3.5% bf	14.12	13.47		
Est. premium	1.50	0.90		
Total base	15.62	14.37		
Preliminary Threshold				
Metro	31.24		2.69	1.34
Upstate		28.74	2.47	1.24
Adjustment to align hgal & qt to gal *				0.05
Threshold				
Metro			2.69	1.39
Upstate			2.47	1.29
Change			0.21	0.10
			0.20	0.10

How we administer the law (cntd)

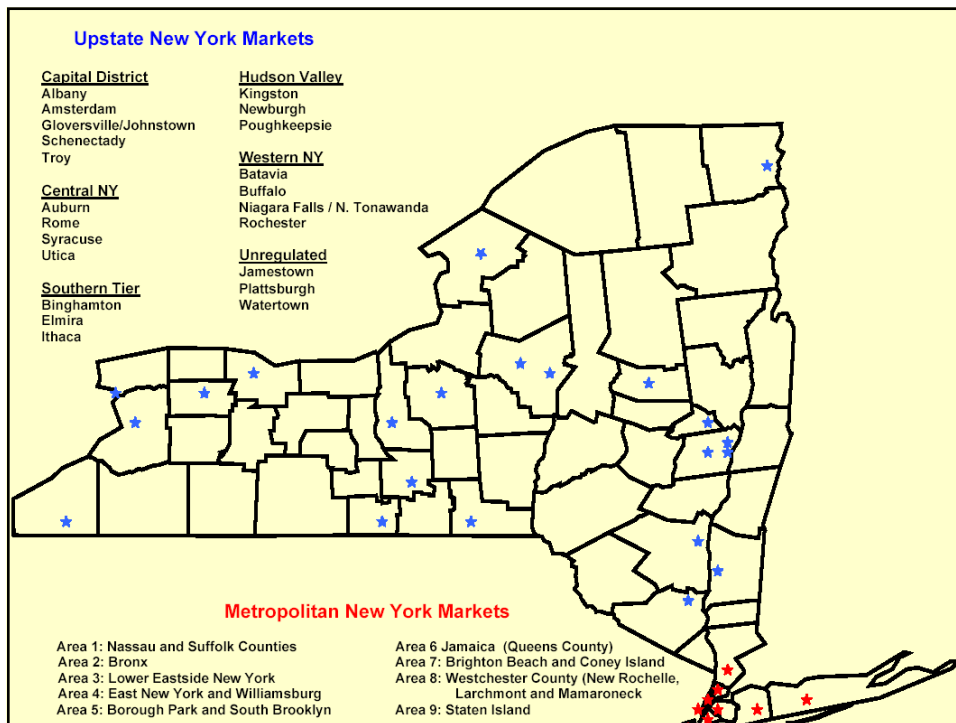
- Announce Threshold Price monthly - same day federal order releases Class I price for following month, usually the third Friday of the month. Distribute via email, fax or mail.
- Usually changes monthly, moving up or down two cents per gallon for every one cent change in the farm price.

How we administer the law (cntd)

- Only change threshold if there is at least \$0.02 per gallon change in underlying base price for Class 1 at 3.5%
- Threshold prices are not maximum prices and are geared to supermarkets.
- During periods of very low milk prices, threshold price becomes a less reliable indicator of possible violations. Relates to fact that it does not take into account processing, distribution and retailing costs.

How we administer the law (cntd)

- Enforcement focus is on supermarkets. Our primary monitoring tool is a monthly survey of approximately 280 supermarkets statewide. Also survey on a periodic basis about 280 supermarkets in the Metro NY region during the year.
- Enforcement focuses on periods when farm price plunges or increased rate of stores pricing over threshold.



SURVEY OF RETAIL MILK PRICES For Selected Markets in NYS

JULY 2003

Compiled by
Department of Agriculture & Markets
Division of Milk Control and Dairy Services

-1-

UPSTATE NEW YORK AVERAGE SUPERMARKET PRICES, JULY 2003

Market	Milk			2% RFM		1% LFM		Skim	
	Paper Quart	Paper 1/2 Gal	Plastic Gallon	Paper 1/2 Gal	Plastic Gallon	Paper 1/2 Gal	Plastic Gallon	Paper 1/2 Gal	Plastic Gallon
Capital District									
Albany	0.63	1.18	2.09	1.18	2.09	1.18	2.09	1.18	2.09
Amsterdam	0.63	1.17	2.13	1.17	2.13	1.17	2.13	1.17	2.13
Catskill/Dwn	0.63	1.18	2.08	1.18	2.04	1.18	2.05	1.18	2.02
Schenectady	0.63	1.18	1.98	1.18	1.98	1.18	1.98	1.18	1.98
Troy	0.63	1.18	2.25	1.18	2.25	1.18	2.25	1.18	2.25
Weighted Average	0.63	1.18	2.09	1.18	2.09	1.18	2.09	1.18	2.09
Central NY									
Auburn	0.63	1.19	2.10	1.19	1.88	1.19	1.89	1.19	1.88
Rome	0.64	1.24	2.12	1.24	2.09	1.24	2.08	1.24	2.05
Syracuse	0.64	1.20	2.08	1.18	1.94	1.18	1.94	1.18	1.94
Utica	0.63	1.16	2.08	1.15	2.01	1.15	2.03	1.15	2.01
Weighted Average	0.64	1.19	2.08	1.18	1.98	1.18	1.97	1.18	1.96
Southern Tier									
Binghamton	0.63	1.16	2.12	1.16	2.03	1.14	2.11	0.99	1.81
Elmira	0.63	1.18	2.11	1.18	1.91	1.18	1.91	1.17	1.89
Ithaca	0.63	1.19	2.27	1.19	2.27	1.19	2.27	1.19	2.27
Weighted Average	0.63	1.17	2.15	1.17	2.05	1.16	2.09	1.08	1.93
Hudson Valley									
Kingston	0.64	1.21	1.95	1.21	1.95	1.19	1.95	1.19	1.95
Newburgh	0.70	1.31	2.30	1.30	2.30	1.31	2.30	1.30	2.40
Poughkeepsie	0.68	1.26	2.32	1.26	2.28	1.26	2.28	1.26	2.28
Weighted Average	0.68	1.26	2.25	1.26	2.23	1.26	2.23	1.26	2.28
Western NY									
Batavia	0.66	1.25	2.28	1.25	1.94	1.25	1.98	1.09	1.94
Buffalo	0.63	1.19	2.13	1.19	1.84	1.19	1.85	1.19	1.85
Niagara F/NTona	0.63	1.19	2.12	1.19	1.95	1.19	1.95	1.19	1.95
Rochester	0.63	1.19	2.10	1.19	1.90	1.19	1.90	1.19	1.90
Weighted Average	0.63	1.19	2.12	1.19	1.87	1.19	1.88	1.19	1.88
Unincorporated									
Jamestown	0.63	1.19	2.09	1.21	1.89	1.19	1.89	1.21	1.89
Plattsburgh	0.65	1.18	1.99	1.18	1.99	1.18	1.99	1.18	1.99
Watertown	0.65	1.21	2.11	1.17	2.11	1.17	2.13	1.17	2.10
Weighted Average	0.64	1.19	2.07	1.18	2.00	1.18	2.01	1.18	2.00
Upstate Average	<u>0.64</u>	<u>1.20</u>	<u>2.13</u>	<u>1.19</u>	<u>2.04</u>	<u>1.19</u>	<u>2.05</u>	<u>1.18</u>	<u>2.02</u>

* = Insufficient number of observations to report.

METROPOLITAN NEW YORK
AVERAGE SUPERMARKET PRICES, JULY 2003

Market	Milk			2% RFM		1% LFM		Skim	
	Paper Quart	Paper 1/2 Gal	Plastic Gallon	Paper 1/2 Gal	Paper 1/2 Gal	Paper 1/2 Gal	Paper 1/2 Gal	Paper 1/2 Gal	Plastic Gallon
Area 1	0.70	1.33	2.51	1.32	1.33	2.42	0.70	1.33	2.52
Area 2	0.81	1.56	2.70	1.57	1.57	2.71	0.82	1.57	2.68
Area 3	0.90	1.75	2.97	1.75	1.75	2.97	0.90	1.75	2.97
Area 4	0.77	1.44	2.59	1.44	1.44	2.59	0.77	1.44	2.69
Area 5	0.81	1.52	2.75	1.52	1.52	2.75	0.81	1.52	2.75
Area 6	0.74	1.37	2.51	1.37	1.37	2.51	0.72	1.37	2.51
Area 7	0.71	1.33	2.54	1.33	1.33	2.55	0.71	1.33	2.55
Area 8	0.73	1.39	2.62	1.39	1.39	2.63	0.73	1.39	2.62
Area 9	0.68	1.27	2.41	1.27	1.27	2.41	0.68	1.27	2.41
METRO AVERAGE	0.76	1.44	2.62	1.44	1.44	2.62	0.76	1.44	2.64

METROPOLITAN NEW YORK
AVERAGE SMALL GROCER PRICES, JULY 2003

Market	Milk			2% RFM		1% LFM		Skim	
	Paper Quart	Paper 1/2 Gal	Plastic Gallon	Paper 1/2 Gal	Paper 1/2 Gal	Paper 1/2 Gal	Paper 1/2 Gal	Paper 1/2 Gal	Paper 1/2 Gal
Area 1	1.07	1.61	*	1.60	*	1.57	1.07	1.60	
Area 2	0.94	1.80	2.85	1.77	0.92	1.80	0.92	1.79	
Area 3	1.04	1.94	*	*	1.04	*	1.04	1.92	
Area 4	0.95	1.76	2.80	*	0.97	*	0.97	*	
Area 5	1.01	1.76	3.03	*	1.01	1.76	1.01	1.76	
Area 6	0.90	1.76	2.87	1.84	*	1.69	*	*	
Area 7	0.95	1.60	2.70	*	0.96	1.59	0.96	1.59	
Area 8	1.15	1.91	3.07	1.87	1.14	1.87	1.14	1.87	
Area 9	1.07	2.00	2.98	2.04	1.07	2.04	1.16	2.04	
METRO AVERAGE	1.02	1.79	2.90	*	1.01	1.76	1.03	1.79	

- Area 1: Nassau and Suffolk Counties
- Area 2: Bronx
- Area 3: Lower Eastside New York
- Area 4: East New York and Williamsburg
- Area 5: Borough Park and South Brooklyn
- Area 6: Jamaica (Queens County)
- Area 7: Brighton Beach and Coney Island
- Area 8: Westchester County (New Rochelle, Larchmont and Mamaroneck)
- Area 9: Staten Island

* = insufficient number of observations to report.

UPSTATE AND METROPOLITAN NEW YORK
RANGE IN SUPERMARKET PRICES, JULY 2003

Market	Milk				2% Reduced Fat Milk					
	Paper 1/2 Gal		Plastic Gallon		Paper 1/2 Gal		Plastic Gallon			
	Low	High	Low	High	Low	High	Low	High		
Capital District	Dollars									
Albany	0.63	0.63	1.15	1.19	1.99	2.27	1.15	1.19	1.99	2.27
Amsterdam	0.63	0.63	1.15	1.19	1.99	2.27	1.15	1.19	1.99	2.27
Greenville/Jwn	0.63	0.63	1.15	1.19	1.99	2.19	1.15	1.19	1.99	2.19
Schenectady	0.63	0.63	1.15	1.19	1.50	2.27	1.15	1.19	1.50	2.27
Troy	0.63	0.63	1.15	1.19	2.19	2.27	1.15	1.19	2.19	2.27
Central NY										
Auburn	0.63	0.63	1.19	1.19	2.09	2.15	1.19	1.19	1.85	1.89
Rome	0.63	0.69	1.19	1.44	1.95	2.27	1.19	1.44	1.89	2.27
Syracuse	0.63	0.72	1.19	1.25	1.88	2.39	0.99	1.25	1.88	2.29
Utica	0.63	0.63	1.09	1.19	1.89	2.47	0.99	1.19	1.85	2.27
Southern Tier										
Binghamton	0.63	0.63	1.15	1.19	2.09	2.19	1.15	1.19	1.89	2.19
Elmira	0.61	0.63	1.15	1.19	2.09	2.19	1.14	1.19	1.89	1.99
Ithaca	0.63	0.63	1.19	1.19	2.27	2.27	1.19	1.19	2.27	2.27
Hudson Valley										
Kingston	0.63	0.65	1.19	1.20	1.88	1.99	1.18	1.20	1.88	1.99
Newburgh	0.65	0.89	1.25	1.49	1.99	2.48	1.19	1.49	1.99	2.48
Poughkeepsie	0.63	0.76	1.19	1.20	1.99	2.49	1.19	1.20	1.99	2.49
Western NY										
Batavia	0.63	0.72	1.19	1.37	2.09	2.59	1.19	1.37	1.89	1.99
Buffalo	0.63	0.63	1.19	1.19	2.09	2.27	1.19	1.19	1.98	1.89
Niagara Falls/Tona	0.63	0.63	1.19	1.19	2.09	2.27	1.19	1.19	1.89	2.27
Rochester	0.63	0.63	1.19	1.25	2.09	2.27	1.19	1.19	1.89	1.99
Unregulated										
Jamestown	0.63	0.63	1.19	1.19	2.09	2.09	1.19	1.33	1.89	1.89
Plattsburgh	0.63	0.68	1.15	1.19	1.99	1.99	1.15	1.19	1.99	1.99
Watertown	0.63	0.72	1.19	1.25	1.99	2.43	0.99	1.24	1.99	2.43
Metro										
Nassau/Suffolk	0.65	0.89	1.27	1.79	2.44	2.79	1.25	1.79	---	---
Bronx	0.68	0.99	1.29	1.99	2.45	2.99	1.29	1.99	---	---
Low Eastside NY	0.72	1.05	1.43	1.99	2.68	3.47	1.43	1.99	---	---
East NY/Wimburg	0.67	0.89	1.25	1.69	2.40	2.99	1.25	1.69	---	---
Brough PWS Br	0.68	1.05	1.29	1.69	2.48	3.47	1.29	1.69	---	---
Jamaica/Queens	0.67	0.89	1.27	1.49	2.29	2.79	1.27	1.49	---	---
Bright B/Coney	0.65	0.89	1.27	1.49	2.44	2.75	1.27	1.49	---	---
Westchester	0.65	0.68	1.27	1.89	2.44	3.09	1.27	1.89	---	---
Staten Island	0.67	0.69	1.19	1.32	2.09	2.49	1.19	1.32	---	---

* = insufficient number of observations to report.

-4-
**UPSTATE AND METROPOLITAN NEW YORK
 RANGE IN SUPERMARKET PRICES, JULY 2003**

Market	1% Low Fat Milk				Skim Milk					
	Paper 1/2 Gal		Plastic Gallon		Paper Quart		Plastic Gallon			
	Low	High	Low	High	Low	High	Low	High		
Capital District										
Albany	1.15	1.19	1.99	2.27	---	---	1.15	1.19	1.99	2.27
Amsterdam	1.15	1.19	1.99	2.27	---	---	1.15	1.19	1.99	2.27
Glensville/Ltwn	1.15	1.19	1.99	2.19	---	---	1.15	1.19	1.89	2.19
Schenectady	1.15	1.19	1.59	2.27	---	---	1.15	1.19	1.59	2.27
Troy	1.15	1.19	2.19	2.27	---	---	1.15	1.19	2.19	2.27
Central NY										
Auburn	1.18	1.19	1.88	1.89	---	---	1.19	1.19	1.85	1.89
Rome	1.19	1.44	1.89	2.27	---	---	1.19	1.44	1.89	2.27
Syracuse	0.99	1.25	1.88	2.29	---	---	0.99	1.25	1.88	2.29
Utica	0.99	1.19	1.89	2.27	---	---	0.99	1.19	1.85	2.27
Southern Tier										
Binghamton	1.13	1.19	1.89	2.15	---	---	0.85	1.19	1.58	2.18
Elmira	1.13	1.19	1.89	1.98	---	---	1.12	1.19	1.89	1.89
Ithaca	1.19	1.19	2.27	2.27	---	---	1.19	1.19	2.27	2.27
Hudson Valley										
Kingston	1.12	1.26	1.88	1.99	---	---	1.13	1.26	1.88	1.99
Newburgh	1.25	1.49	1.99	2.48	---	---	1.19	1.49	1.99	2.99
Poughkeepsie	1.19	1.29	1.99	2.48	---	---	1.19	1.29	1.99	2.49
Western NY										
Batavia	1.19	1.37	1.89	1.99	---	---	0.89	1.19	1.89	1.99
Buffalo	1.19	1.19	1.88	1.89	---	---	1.19	1.19	1.68	1.89
Niagara F/N Tona	1.19	1.19	1.89	2.27	---	---	1.19	1.19	1.89	2.27
Rochester	1.19	1.19	1.89	1.99	---	---	1.19	1.19	1.89	1.99
Unregulated										
Jamestown	1.19	1.19	1.89	1.89	---	---	1.19	1.33	1.89	1.89
Plattsburgh	1.15	1.19	1.99	1.99	---	---	1.15	1.19	1.99	1.99
Watertown	0.99	1.24	1.99	2.43	---	---	0.99	1.24	1.89	2.43
Metro										
Nassau/Suffolk	1.27	1.79	0.69	2.79	0.65	0.89	1.27	1.79	2.44	2.79
Bronx	1.29	1.99	2.45	2.99	0.88	0.99	1.29	1.99	2.45	2.99
Low Eastside NY	1.43	1.99	2.68	3.47	0.72	1.05	1.43	1.99	2.68	3.47
East NY/Wmburg	1.25	1.69	2.40	2.89	0.87	0.89	1.25	1.69	2.40	3.49
Brough Pl/S. Br	1.29	1.99	2.48	3.47	0.88	1.05	1.29	1.99	2.48	3.47
Jamaica/Queens	1.27	1.49	2.29	2.79	0.87	0.89	1.27	1.49	2.29	2.79
Bright Br/Coney	1.27	1.49	2.44	2.75	0.85	0.89	1.27	1.49	2.44	2.75
Westchester	1.27	1.89	2.44	3.09	0.85	0.98	1.27	1.89	2.44	3.09
Staten Island	1.19	1.32	2.09	2.49	0.87	0.89	1.19	1.32	2.09	2.49

* = Insufficient number of observations to report.

-5-

**AVERAGE SUPERMARKET PRICES
 UPSTATE NEW YORK, METRO NEW YORK AND NEW YORK STATE, 2002-2003**
 (In dollars)

Mkt	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
Milk: Quart														
Upst	2002	0.74	0.73	0.72	0.72	0.71	0.71	0.69	0.68	0.68	0.67	0.68	0.68	0.70
	2003	0.68	0.68	0.66	0.66	0.67	0.66	0.64						
Metr	2002	0.84	0.83	0.83	0.82	0.81	0.80	0.79	0.79	0.79	0.78	0.77	0.77	0.80
	2003	0.77	0.77	0.76	0.76	0.76	0.76	0.76						
NYS	2002	0.79	0.78	0.78	0.77	0.76	0.76	0.74	0.74	0.74	0.73	0.73	0.73	0.75
	2003	0.73	0.73	0.71	0.71	0.72	0.71	0.70						
Milk: Half Gallon														
Upst	2002	1.38	1.39	1.36	1.34	1.31	1.30	1.28	1.26	1.27	1.25	1.25	1.25	1.30
	2003	1.25	1.24	1.21	1.17	1.20	1.20	1.20						
Metr	2002	1.59	1.58	1.56	1.54	1.52	1.51	1.50	1.48	1.48	1.48	1.46	1.45	1.51
	2003	1.45	1.46	1.44	1.43	1.44	1.44	1.44						
NYS	2002	1.49	1.49	1.46	1.44	1.42	1.41	1.39	1.37	1.38	1.37	1.36	1.35	1.41
	2003	1.35	1.35	1.33	1.30	1.32	1.32	1.32						
Milk: Gallon														
Upst	2002	2.50	2.51	2.44	2.44	2.39	2.33	2.24	2.24	2.21	2.22	2.25	2.27	2.34
	2003	2.24	2.21	2.15	2.17	2.14	2.13	2.13						
Metr	2002	2.90	2.87	2.85	2.83	2.78	2.75	2.73	2.71	2.70	2.66	2.67	2.67	2.76
	2003	2.68	2.66	2.63	2.63	2.62	2.62	2.62						
NYS	2002	2.70	2.69	2.65	2.64	2.59	2.54	2.49	2.48	2.46	2.44	2.46	2.47	2.55
	2003	2.46	2.44	2.39	2.40	2.38	2.38	2.38						
2% Lowfat Milk: Half Gallon														
Upst	2002	1.37	1.38	1.34	1.32	1.30	1.28	1.27	1.26	1.25	1.23	1.22	1.25	1.29
	2003	1.24	1.22	1.20	1.16	1.18	1.19	1.19						
2% Lowfat Milk: Gallon														
Upst	2002	2.33	2.33	2.28	2.30	2.25	2.18	2.17	2.14	2.13	2.14	2.18	2.18	2.22
	2003	2.11	2.08	2.08	2.08	2.05	2.04	2.04						
1% Lowfat Milk: Half Gallon														
Upst	2002	1.37	1.38	1.34	1.32	1.30	1.30	1.28	1.27	1.25	1.23	1.22	1.25	1.29
	2003	1.24	1.22	1.20	1.16	1.18	1.19	1.19						
Metr	2002	1.59	1.57	1.56	1.55	1.52	1.51	1.50	1.48	1.48	1.48	1.46	1.46	1.51
	2003	1.45	1.46	1.44	1.43	1.44	1.44	1.44						
Skim Milk: Half Gallon														
Upst	2002	1.37	1.36	1.34	1.32	1.31	1.27	1.27	1.26	1.27	1.25	1.23	1.23	1.29
	2003	1.23	1.23	1.20	1.15	1.19	1.18	1.18						
Metr	2002	1.62	1.60	1.56	1.55	1.52	1.51	1.51	1.48	1.48	1.48	1.46	1.46	1.52
	2003	1.45	1.46	1.44	1.43	1.44	1.43	1.44						

How we administer the law (cntd)

- Investigate consumer complaints of stores selling above threshold
- Stores found to be pricing above threshold are sent an informational/warning letter about the law.
- Retail Margin Standard (RMS) used as a filter to identify a retail price price that appears unconscionably excessive.

How we administer the law (cntd)

- RMS = total in-store handling cost plus net profit. Currently, \$.54 per gal, \$.34 per h-gal, and \$.24 per qt. Adjust annually using CPI.
- If a retail price, above the threshold price, has a gross margin (retail price minus invoice price) that does not exceed the RMS, it is considered justified. If the gross margin is greater than RMS, unit cost documentation is required to justify the price unless it is terminated.

How we administer the law (cntd)

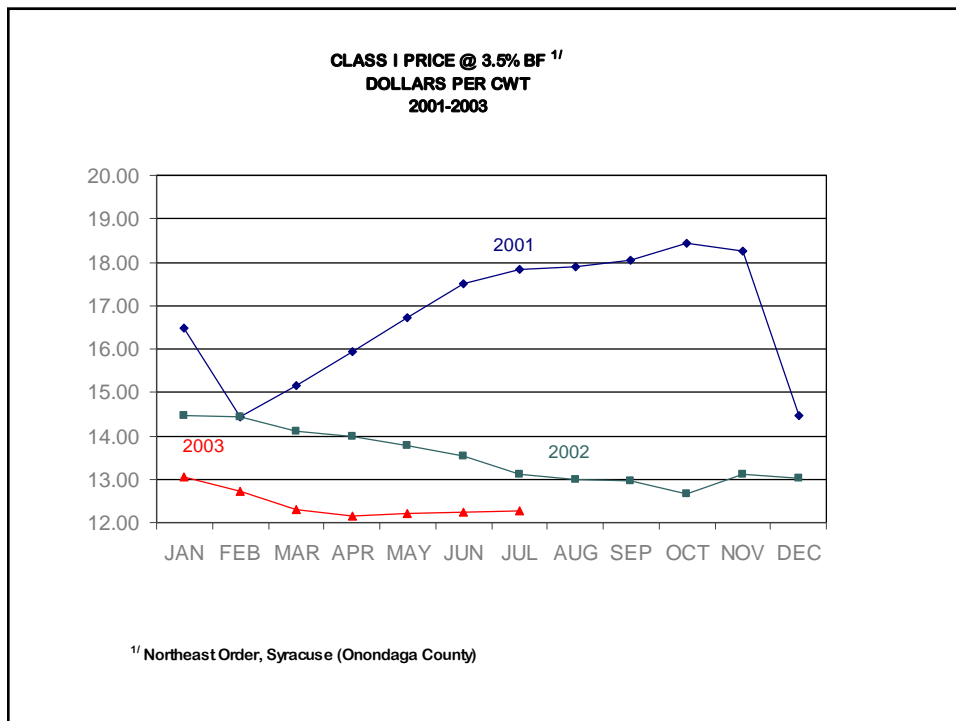
- If a store continues to sell well above threshold, a second letter is sent requiring them to either lower their price or submit invoice price information.
- If necessary, a third letter is sent requiring the store to either lower its price or submit unit cost justification of the price.

How we administer the law (cntd)

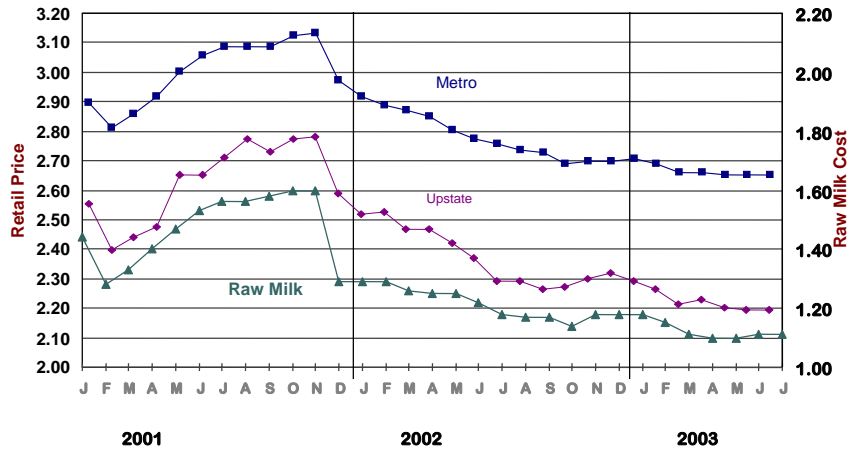
- If the store does not lower its price or the Commissioner does not accept its justification of the price, the case is referred to the Attorney General.
- Receive and answer inquiries about the law. During periods of low farm prices, tend to receive more call, especially from farmers.

Has the law been effective?

- Yes! Retail prices charged by supermarkets have been very responsive in reflecting decreases in farm prices. Consumers have realized substantial savings.



**Retail Price vs Raw Milk Cost
Gallon Milk - 1/01 - 07/03**



Raw milk cost = Class I price, Northeast Order @ Syracuse, adj. for bf, plus estimated premium.

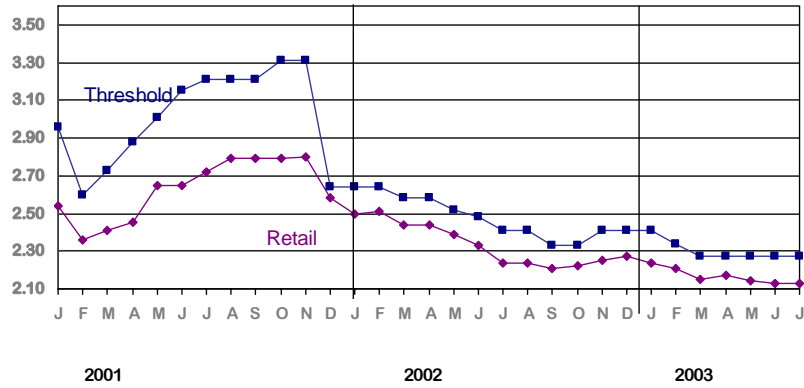
**Retail Price vs Raw Milk Cost
Gallon Milk - 1/01 - 07/03**

	Metro Retail	Upstate Retail	RawMilk Cost		Metro Retail	Upstate Retail	RawMilk Cost		Metro Retail	Upstate Retail	RawMilk Cost
2001				2002				2003			
J	2.88	2.54	1.44	J	2.90	2.50	1.29	J	2.68	2.24	1.18
F	2.79	2.36	1.28	F	2.87	2.51	1.29	F	2.66	2.21	1.15
M	2.84	2.41	1.33	M	2.85	2.44	1.26	M	2.63	2.15	1.11
A	2.90	2.45	1.40	A	2.83	2.44	1.25	A	2.63	2.17	1.10
M	2.99	2.65	1.47	M	2.78	2.39	1.23	M	2.62	2.14	1.10
J	3.05	2.65	1.53	J	2.75	2.33	1.22	J	2.62	2.13	1.11
J	3.08	2.72	1.56	J	2.73	2.24	1.18	J	2.62	2.13	1.11
A	3.08	2.79	1.56	A	2.71	2.24	1.17	A			
S	3.08	2.74	1.58	S	2.70	2.21	1.17	S			
O	3.12	2.79	1.60	O	2.66	2.22	1.14	O			
N	3.13	2.80	1.60	N	2.67	2.25	1.18	N			
D	2.96	2.58	1.29	D	2.67	2.27	1.18	D			
Ann. Ag.	2.99	2.62	1.47	Ann. Ag.	2.76	2.34	1.21	Ann. Ag.			
Yd. Ag.	2.93	2.54	1.43	Yd. Ag.	2.82	2.41	1.25	Yd. Ag.	2.64	2.17	1.12

Raw milk cost = Class I price, Northeast Order @ Syracuse, adj. for bf, plus estimated premium.

Prepared by NYS Department of Agriculture and Markets

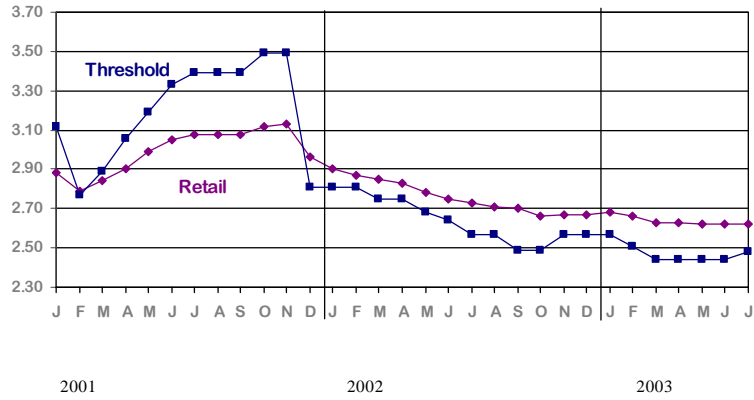
**Retail Price vs Threshold
Upstate - Gallon - 1/01-7/03**



**Retail Price vs Threshold
Upstate - Gallon - 1/01-7/03**

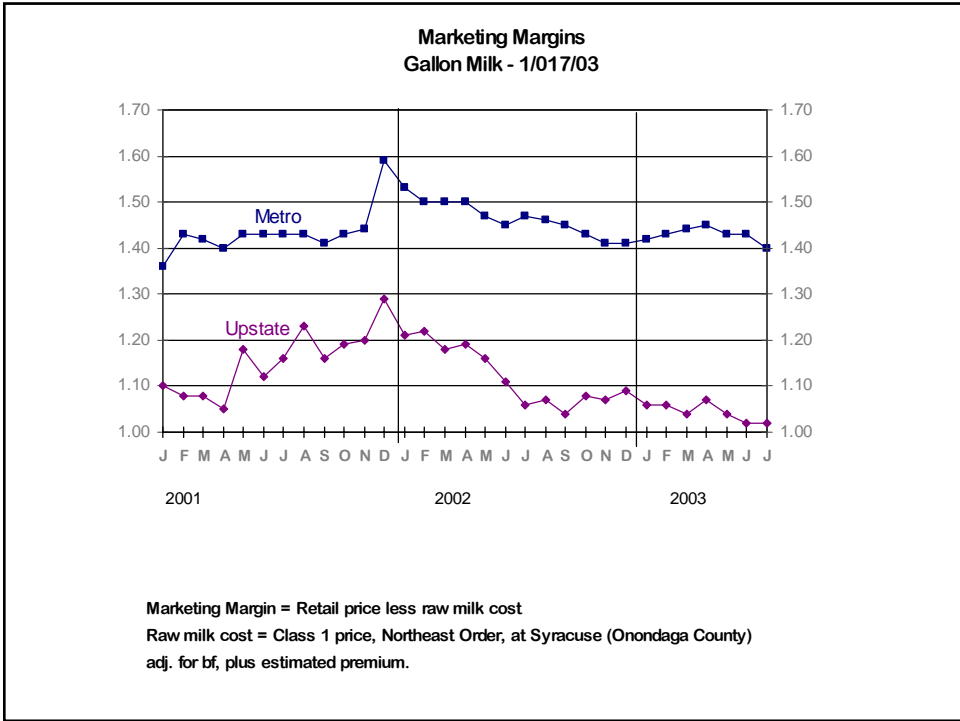
	Retail	Threshold		Retail	Threshold		Retail	Threshold
2001			2002			2003		
J	2.54	2.96	J	2.50	2.64	J	2.24	2.41
F	2.36	2.60	F	2.51	2.64	F	2.21	2.34
M	2.41	2.73	M	2.44	2.58	M	2.15	2.27
A	2.45	2.88	A	2.44	2.58	A	2.17	2.27
M	2.65	3.01	M	2.39	2.52	M	2.14	2.27
J	2.65	3.15	J	2.33	2.48	J	2.13	2.27
J	2.72	3.21	J	2.24	2.41	J	2.13	2.27
A	2.79	3.21	A	2.24	2.41	A		
S	2.74	3.21	S	2.21	2.33	S		
O	2.79	3.31	O	2.22	2.33	O		
N	2.80	3.31	N	2.25	2.41	N		
D	2.58	2.64	D	2.27	2.41	D		
Ann. Ag.	2.62	3.02	Ann. Ag.	2.34	2.48	Ann. Ag.		
Yd. Ag.	2.54	2.93	Yd. Ag.	2.41	2.55	Yd. Ag.	2.17	2.30

**Retail Price vs Threshold
Metro - Gallon - 1/01 - 7/03**



**Retail Price vs Threshold
Metro - Gallon - 1/01 - 7/03**

	Retail	Threshold		Retail	Threshold		Retail	Threshold
2001			2002			2003		
J	2.88	3.12	J	2.90	2.81	J	2.68	2.57
F	2.79	2.77	F	2.87	2.81	F	2.66	2.51
M	2.84	2.89	M	2.85	2.75	M	2.63	2.44
A	2.90	3.06	A	2.83	2.75	A	2.63	2.44
M	2.99	3.19	M	2.78	2.68	M	2.62	2.44
J	3.05	3.33	J	2.75	2.64	J	2.62	2.44
J	3.08	3.39	J	2.73	2.57	J	2.62	2.48
A	3.08	3.39	A	2.71	2.57	A		
S	3.08	3.39	S	2.70	2.49	S		
O	3.12	3.49	O	2.66	2.49	O		
N	3.13	3.49	N	2.67	2.57	N		
D	2.96	2.81	D	2.67	2.57	D		
Ann. Avg.	2.99	3.19	Ann. Avg.	2.76	2.64	Ann. Avg.		
Yd. Avg.	2.93	3.11	Yd. Avg.	2.82	2.72	Yd. Avg.	2.64	2.47



New York State Department of Agriculture and Markets

William Francis, Director
Charles Huff, Chief of Licensing/Auditing
Division of Milk Control and Dairy Services
1 Winners Circle
Albany, NY 12235
518-457-5731
www.agmkt.state.ny.us