

ASSEMBLY AGRICULTURE COMMITTEE

54

FEBRUARY 11, 1975

MEMBERS PRESENT: Chairman Hickey
Mr. Price
Mr. Jeffrey
Mr. Coulter
Dr. Robinson
Mr. Getto
Mr. Howard

MEMBERS ABSENT: None

GUESTS: John O. Olsen, Associated Nevada Dairymen, Inc.
John Picetti, Dairyman, President, Associated Nevada Dairymen
Mark Anderson, Dairyman
S. D. Mastroianni, State Health Department
Charles Cameron, Lake Mead Milk Producer
Paul E. Neff, President, Elko County Farm Bureau
Mark T. Sampson, Nevada Farm Bureau
Thomas Ballow, Nevada State Department of Agriculture
Orvis E. Reil,
Barbara E. Picetti, Dairyman, Housewife
James Perazzo, Dairyman
Randy Capurro, Nevada Dairy Producers Association
Clarence J. Cassidy, Administrator, Dairy Commission
Wm . Canepa, Nevada State Dairy Commission
Herb Witt, President, Nevada Farm Bureau Dairy Council
Andre Aldax, Dairyman
Lloyd Mann, Assemblyman

The meeting was called to order by Chairman Hickey at 9:15 a.m. He announced that the purpose of the hearing was to discuss AB 29, Abolishment of the Dairy Commission. He stated that he hoped for in-put from segments of: 1) The Federal Marketing Order; 2) consumers; 3) distributors; 4) producers, and 5) enforcement agencies.

Chairman Hickey called on Assemblyman Mann, sponsor of AB 29, for his comments. Mr. Mann stated that he was appearing on behalf of the consumers; that the Commission was "set up to protect small dairymen and consumers to assure a constant flow of reasonably priced milk in Nevada." He went on to say that "this has not been the case since the 'conception' of the Commission." He stated that 22 dairies had gone out of business since the enactment of the statute providing for the Commission and instead of protecting the consumer, the consumer has suffered; that "we have the highest prices in any major city surrounding us." He displayed news articles, one of which quoted Governor O'Callaghan as suggesting the abolition of the Commission. (Copies attached) "If something isn't doing the job, you get rid of it", stated Mr. Mann. He discussed the illegal contributions made during the last political campaign and the excess funds apid to California producers which must now be refunded to the California consumer. He also cited the situation in Arizona where the industry is now having to pay

for what they did as an industry.

He discussed exhibits received from Mr. Rex Lundberg, Director of Consumers Affairs Division of the Department of Commerce. He stated that prices in the Las Vegas area as of April, 1974 were the highest in the State; that they were 2¢ per half gallon more than in the Reno area and that milk in Lake-Tahoe area could be purchased for 15¢ less per half gallon than in the Las Vegas area; that 7-11 stores charge as much as they wish for milk and that the Commission setting minimum prices is ineffectual. "They are guaranteeing a profit. I think this is wrong! There is no free enterprise."

On January 4, Las Vegas prices were raised 1¢ per half gallon. On January 27, when hay and grain prices went down, milk did not. "The retailer is making an unjust profit; their profits cannot be pinned down." Safeway is on record as stating that they want to sell milk for 20¢ a half gallon less than it is presently being sold for." He quoted Mr. Dini as stating that he does not think the Commission has done the job. Mr. Mann stated that he thinks controls should be transferred to the Food and Drug Division.

Quoting a recent newspaper headline, Mr. Mann stated: "The middle man is milking the bulk of dairy profits". He further stated: "Look at the guy making the money; the Commission should do something to deal with the retailer who is making the small dairyman pick up the costs." He stated that he would not fight a compromise but he'll be back in two years to do something about it if it doesn't work. "We have two years to prove to the people of Nevada that we are concerned with them," he stated.

Randy Capurro, representing the Nevada Dairy Producers Association, stated that he was in favor of maintaining the Commission; that by abolishing the Commission, bankruptcy is guaranteed for small producers and distributors in Nevada; that the industry would be taken over by huge conglomerates, cooperatives such as those making illegal political contributions, etc.

He further stated that in the '50s, there were milk wars and total confusion in the market; that farmers were not getting paid and then were getting paid whatever the distributor wanted to pay. "We feel the Commission does its job. The Commission does not guarantee a profit to the industry; hard work guarantees a profit." The Commission guarantees the amount of out-of-state milk coming into Nevada. Without the Commission prices would be reduced temporarily, but then integrated operations such as Lucky's and Abertson's would bring in their own milk from California using it as "loss leaders". Prices would then sky-rocket with the control being held by a few. "Nevada would be at the mercy of large businesses from California." Profits are slim to producers; milk has been provided to consumers at

a good price. In correcting Mr. Mann, Mr. Capurro stated that milk at Lake Tahoe is 7¢ less per half gallon, not 15¢; and that the Arizona case was a criminal case of no concern to this committee with a penalty of 6 months instead of 1 year, as stated by Mr. Mann.

Mr. Price asked if the Committee could conclude that there is no possibility of the dairy industry operating under the free enterprise system. Mr. Capurro stated that the industry would not operate in the manner in which it now operates; that there would be no small distributors or producers, as Safeway and other large cooperatives would take over.

Mr. Coulter asked how many people were involved in the dairy industry. Mr. Capurro stated that he did not have this information. In reply to Mr. Coulter's question of a compromise bill, Mr. Capurro stated that he would be willing to return and work on a compromise to this measure since he considered this piece of legislation unreasonable.

Mr. Howard asked about the "Federal Order" operating in Southern Nevada. Mr. Capurro stated that if the Commission was abolished, those producers not currently under the Federal Order would have to come under this order. "I think we should keep our controls in Nevada."

Mr. Getto asked Mr. Capurro if he felt the producers in the coops making illegal political contributions were aware of what was happening. Mr. Capurro stated that he did not think so and that "I think we're very fortunate in having such a health industry in Nevada." He went on to say, "The consumer should have more representation on the Commission, but to abolish it is putting the 'cart before the horse'".

Mr. Herb Witte, President, Nevada Farm Bureau Dairy Council, compared some statistics as to the number of producers and cows in Nevada in 1957 and 1974. He stated that he milked 50 cows in 1957 and now milks 132. He says that it was not fair to blame the Dairy Commission for the fact that there are fewer dairies now. He cited the national statistics showing that this was a national trend. He stated that although there are few dairies there are still approximately the same number of dairy cows being milked. He also stated that today we have a more efficient cow in that in 1959 a cow produced about 3,000 quarts a year and today a cow produces about 4,700 quarts.

He stated that many producers retire from the business and there is no one to take over the business. Land values have gone up and many producers have sold out. A small farm involves an investment of \$100,000 to \$150,000. "I'd rather put it on the come line on a crap table at the Ormsby House than abolish the Commission." He further stated that he could not stay in business in a free market and would have to seek aid through the Federal Order or join a large

coop." He stated that in 1957 they wondered who was going to pick up their milk and how much they would be paid.

He further stated that the system here in Nevada through public hearings allows all segments of the industry and consumers to be heard, contrary to Federal Order hearings. "The future of the industry in the State is a bright spot from the producer's aspect. Nevada has all the ingredients for good production, if there is some stability."

Chairman Hickey asked if there was any further testimony and stated that he hoped for help from the Lake Mead area and asked Mr. Cameron for his comments on the Lake Mead Cooperative and in particular, milk coming from Minersville; what the breakdown of costs and prices is in the Lake Mead coop. etc.

He announced that the next hearing would be on Tuesday, February 18 at 8:00 a.m. at which time they would hear more testimony on AB 29.

As there was no further business, the meeting was adjourned at 10:00 a.m.

Respectfully submitted,

Sandra Gagnier,
Assembly Attache

ASSEMBLY

AGENDA FOR COMMITTEE ON AGRICULTURE

53

Date Feb. 11, 1975 Time 8:00 a.m. Room 240

Bills or Resolutions
to be considered

Subject

Counsel
requested*

AB 29

Abolishes State Dairy Commission
Fiscal Note: No (BDR 51-406)

*Please do not ask for counsel unless necessary.

PICKUP 4TH PGM: XXX POLICE SAID
UPI 02-03 11:40 PPS

Calif. Dairy

0542

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MILK 2-4

DAY LD

SACRAMENTO (UPI) -- LEGISLATIVE AUDITOR GENERAL HARVEY ROSE HAS PROPOSED A ROLLEBACK IN MILK PRICES AS AT LEAST A PARTIAL REFUND TO CONSUMERS FOR A \$55 MILLION MISTAKE WHICH BENEFITED DAIRYMEN.

ROSE CHARGED THAT THE DEPARTMENT OF FOOD AND AGRICULTURE LAST YEAR OVERESTIMATED DAIRY FARMER PRODUCTION COSTS WHEN IT APPROVED A FIVE-CENT PER HALF-GALLON PRICE INCREASE THAT TOOK EFFECT APRIL 1.

IN A REPORT RELEASED MONDAY, HE ASSERTED THE DEPARTMENT BECAME AWARE OF THE MISCALCULATION IN JULY BUT FAILED TO CORRECT IT.

C. BRUNEL CHRISTENSEN, WHOM GOV. EDMUND G. BROWN JR. REPLACED MONDAY AS DEPARTMENT DIRECTOR, SAID IN REMARKS INCLUDED IN THE REPORT THAT THE ADDITIONAL \$55 MILLION RECEIVED BY PRODUCERS THROUGH THE INCREASE "HAS NOW BEEN COMPLETELY JUSTIFIED THROUGH INFLATION."

CHRISTENSEN, A HOLDOVER APPOINTEE OF FORMER GOV. RONALD REAGAN, WAS REPLACED BY UNIVERSITY OF CALIFORNIA AT BERKELEY AGRICULTURAL ECONOMIST TIM WALLACE. HOWEVER, CHRISTENSEN WILL STAY ON WITH THE DEPARTMENT TEMPORARILY AS A "CONSULTANT."

ROSE, WHO WORKS FOR THE JOINT LEGISLATIVE AUDIT COMMITTEE, ALSO RECOMMENDED THE ABOLITION OF THE 40-YEAR-OLD MINIMUM WHOLESALE AND RETAIL PRICING PROGRAM THAT NOW COSTS MORE THAN \$1 MILLION ANNUALLY TO ADMINISTER.

SEVERAL MEASURES CURRENTLY ARE PENDING IN THE LEGISLATURE TO END THE PROGRAM.

THE STATE, THROUGH THE DEPARTMENT, SETS MINIMUM MILK PRICES AT THE PRODUCER, WHOLESALE AND RETAIL LEVEL. THE AVERAGE STATEWIDE COST OF A GALLON OF MILK HAS INCREASED FROM 54 CENTS IN 1973 TO 71 CENTS CURRENTLY.

THE AUDITOR GENERAL SAID THE DEPARTMENT USED INFORMATION PROVIDED BY THE DAIRY INDUSTRY TO DETERMINE PRODUCTION COSTS THAT WERE ABOVE ACTUAL COSTS.

"AS A RESULT, PRODUCERS HAVE RECEIVED AN ESTIMATED ADDITIONAL \$55 MILLION THROUGH DEC. 31, 1974, AN UNDERTERMINED AMOUNT OF WHICH REPRESENTS AN OVERCHARGE TO CONSUMERS," ROSE SAID.

AT A NEWS CONFERENCE, ASSEMBLYMAN JOSEPH B. MONTOYA, D-LA PUENTE SAID HE BELIEVED THAT THE ADDITIONAL \$55 MILLION RECEIVED BY DAIRYMEN EQUALLED "THE AMOUNT OVERCHARGED" CONSUMERS.

SEN. DAVID ROBERTI, D-LOS ANGELES, SAID HE WOULD SPONSOR LEGISLATION DIRECTING THE DEPARTMENT TO DETERMINE THE OVERCHARGED AMOUNT AND TO ROLLEBACK PRODUCER PRICES TO RETURN IT TO CONSUMERS.

UPI 02-03 11:48 PPS

FUNERAL SERVICES WERE INCOMPLETE.
UPI 02-04 10:31 APS

C510

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MILK 2-4

1ST LD C642

BY GEORGE FRANK

SACRAMENTO (UPI) -- C. BRUNEL CHRISTENSEN, NEWLY REPLACED DIRECTOR OF FOOD AND AGRICULTURE, TODAY ANGRILY ASSAILED A REPORT WHICH CHARGED HIS DEPARTMENT MADE A \$55 MILLION MISTAKE IN FAVOR OF DAIRY FARMERS.

CHRISTENSEN CHARGED THE REPORT BY LEGISLATIVE AUDITOR GENERAL HARVEY M. ROSE "COULDN'T BE MORE DISTORTED OR MISLEADING" AND DEPLORED IT AS A "DIRECT ATTEMPT BY A FEW PEOPLE TO DESTROY" MILK STABILIZATION STATUTES.

CHRISTENSEN, A HOLDOVER APPOINTEE OF RONALD REAGAN WHO WAS REPLACED MONDAY BY GOV. EDMUND G. BROWN JR., WARNED THAT "IF THESE FEW MISGUIDED PEOPLE SUCCEED IN SENDING A GREAT AND IMPORTANT INDUSTRY DOWN THE DRAIN, THEY MUST TAKE THE RESPONSIBILITY IN THE FUTURE WHEN OUR CHILDREN HAVE TO GO WITHOUT MILK."

ROSE, AN EMPLOYEE OF THE LEGISLATURE, REPORTED EARLIER MONDAY THAT UNDER CHRISTENSEN THE DEPARTMENT LAST YEAR MADE AN "ERROR" AND OVERESTIMATED DAIRY PRODUCTION COSTS WHEN IT APPROVED A FIVE-CENT PER HALF-GALLON PRICE INCREASE WHICH TOOK EFFECT APRIL 1. ROSE SAID THE DEPARTMENT BECAME AWARE OF THE MISCALCULATION IN JULY AND FAILED TO CORRECT IT.

THE AUDITOR GENERAL PROPOSED THAT MILK PRICES BE ROLLED BACK IN AT LEAST A PARTIAL REFUND TO CONSUMERS TO OFFSET THE \$55 MILLION MISTAKE WHICH BENEFITTED DAIRY FARMERS.

IN A STATEMENT, APPARENTLY AIMED AT THE WIVES OF MEN IN THE DAIRY INDUSTRY, CHRISTENSEN DECLARED: "WHEN MANY OF YOUR HUSBANDS ARE WITHOUT WORK BECAUSE OF AN INDUSTRY FAILURE, REMEMBER THE NAME OF HARVEY ROSE, AUDITOR GENERAL, SACRAMENTO 1974."

CHRISTENSEN, A CATTLE RANCHER FROM MODOC COUNTY WHO WAS SUCCEEDED AS DIRECTOR BY LUTHER "TIM" WALLACE, A UNIVERSITY OF CALIFORNIA AGRICULTURAL ECONOMIST, SAID ALL OF ROSE'S ASSERTIONS ARE "ANSWERABLE ...AND IN TIME WILL BE ANSWERED."

HE DEFENDED MILK STABILIZATION LAWS, OF WHICH STATE PRICE CONTROLS ARE AN INTEGRAL PART, AS HAVING PROVIDED A CONSTANT SUPPLY OF THE "HIGHEST QUALITY MILK AND MILK PRODUCTS AT THE MOST REASONABLE PRICE FOUND ANYWHERE IN THE NATION."

"IF HE (ROSE) HAD ANY SELF RESPECT HE WOULD MAKE CLEAR TO THE PRESS WHAT THEY ARE REPORTING IS NOT WHAT HIS REPORT STATED," CHRISTENSEN SAID IN A FORMAL STATEMENT. HE DID NOT AMPLIFY.

BUT AN AIDE SAID CHRISTENSEN BELIEVED THE AUDITOR GENERAL'S REPORT WAS "LOADED" AGAINST THE DEPARTMENT AND THAT ROSE FAILED TO ADEQUATELY EXPLAIN THE DEPARTMENT'S POSITION.

IN AN APPENDIX TO THE REPORT, ROSE SAID THAT CHRISTENSEN BELIEVED THE \$55 MILLION RECEIVED BY PRODUCERS THROUGH THE INCREASE "HAS NOW BEEN COMPLETELY JUSTIFIED THROUGH INFLATION."

PICKUP 5TH PGH: ROSE, WHO WORKS FOR

UPI 02-04 10:39 APS

Calif Dairy

RENO EVENING GAZETTE

PHONE (702) 786-8989

RENO, NEVADA, WEDNESDAY, JULY 10, 1974

SEVENTEEN

Milk price 'upcharging' revealed

CARSON CITY (AP) — Consumers are finding mixed milk prices despite a State Dairy Commission recommendation for uniform price cuts effective July 1.

A survey of stores in the Reno, Las Vegas and Carson City-Douglas County areas indicates most major stores are complying with the recommended pricing levels.

But in all areas — particularly Douglas County — instances of "upcharging" by as much as four cents on a half gallon of milk were found at larger stores.

The dairy commission urged prices of 39 cents a quart and 77 cents a half gallon for milk sold in the Reno-Carson area, and 36 cents a quart and 75 cents a half gallon in the Las Vegas area.

Stores aren't required to follow the recommendations which marked cuts in



Utter indifference to dairy commission? (Gazette photo)

previous suggested pricing levels between two and four cents on a half gallon of milk.

A dairy commission spokesman said milk prices remained up at convenience markets and smaller "mom

and pop" stores, with milk selling for as much as eight cents more per half gallon than the suggested price.

"Upcharging" can be expected at smaller stores faced with higher costs in relation to sales volumes but

there's no excuse for major stores not to bring their prices down," a commission spokesman said.

The suggested decrease was urged after prices that milk producers get from wholesalers were adjusted downward to reflect lower hay and grain costs.

Dairy commission staffers said suggested pricing levels had been followed by most stores in the past but in the past year there has been a growing disregard for the system.

The dairy commission meets Thursday in Reno to review its pricing system. Dairy men are expected to seek higher levels in order to cover higher operating costs. Any increase in the price paid by a wholesaler to a producer, or by a retailer to a wholesaler, would eventually be passed on to consumers in the form of still higher milk prices.

LEGISLATIVE COUNSEL BUREAU

Mike asks legislature to modify dairy board

CARSON CITY — Gov. Mike O'Callaghan Saturday said the upcoming Nevada Legislature should consider methods to iron out possible inequities in the Nevada Dairy Commission.

The 1971 Legislature changed the makeup of the nine-member board to bring consumer membership to three. This was done by eliminating one of the two distributor memberships. The remaining makeup was retained at two dairy industry retailers, two producers and one producer-distributor.

The nine-member commission recently voted 5-3 for a price hike on milk in Southern Nevada of four cents a half gallon and two cents a quart. The makeup of the board under state law provides for six members representing the dairy industry and three members representing consumers. Consumer members voted against the recent price hike.

O'Callaghan said, "The dairy industry is entitled to a fair profit. However, the current makeup of the board automatically raises questions among Nevada consumers, even if a price increase is justified."

O'Callaghan recommended the legislature discuss at least three methods to reduce such questions. He said lawmakers should take a look at the makeup of the board. The governor also said consideration should be given to establishing a ceiling on dairy industry price hikes. The law provides only a floor and retail prices on dairy products cannot be below that level.

Maya against milk rate hike

Maya Miller, Democratic candidate for the U.S. Senate, charged that the milk price increase approved by the Nevada Dairy Commission was a result of the basic economic policies of the Nixon administration.

"The main premise of those policies," said Mrs. Miller, "is that the increase in costs of material, the effects of every shortage, and every other price increase can and should be passed on to the consumer."

The milk price increase approved this week by the Dairy Commission will result in a rise of more than 5 per cent in the cost of a quart of milk. "This increase is a local effect of a total abdication to inflation by the Nixon Administration," Mrs. Miller charged. "Chronic shortages produce price increases throughout the economy, and always the consumer is asked to pay for the effects."

Maya Raps Milk Group

RENO (UPI) — Democratic Senate candidate Maya Miller has charged that the milk price increase approved by the Nevada Dairy Commission is another example of the consumer having to absorb the effects of inflation. She said the increase is "consistent with the basic economic policies of the Nixon Administration in that the increase in cost of material, the effects of every shortage, and every other price increase can and should be passed on to the consumer."

She said this is the attitude exhibited by the Dairy Commission.

Handwritten signature: Maya Miller

LEGISLATIVE COUNSEL BUREAU

California milk price controls suspended in consumer victory

SACRAMENTO (UPI) — State officials say they will suspend price controls on wholesale milk throwing a portion of California's gigantic dairy industry on an unrestricted market for the first time in 40 years.

"The wholesale price minimums will be officially suspended in about a week," Jed A. Adams, administrator of the Department of Food and Agricul-

ture's milk marketing program, said Tuesday.

Agriculture Director C. Brunel Christensen made the department's plans public as producers, wholesalers and retailers testified at a state hearing that they needed an increase in controlled minimum milk prices.

But consumer advocates warned that the suspension of wholesale price controls will not affect

the price of milk in supermarkets or stores.

Read this

12/11/64

24 Las Vegas Sun

Supermarkets Compete, Says Safeway President

WASHINGTON (UPI)—The president of Safeway Stores Tuesday cited identical prices as proof that competition exists in the supermarket industry.

All those stores about price gouging, profiteering, ripoffs, price-fixing and monopoly are just not so," William S. Mitchell told the Joint Economic Committee's investigation of food prices.

Mitchell said identical prices result from keen competition. When one chain store drops a price, others follow, he said, so identical prices mean they are competing — not colluding.

Under questioning, he conceded, it works both ways — when one chain raises prices because its costs have risen, others tend to follow.

The white-haired Mitchell, puffing a pipe, also denied the industry has undisclosed profit ratios comparable to the average returns of nearly 20 percent of the big oil companies.

He said the old nursery rhyme line about "a penny for the grocer" more accurately reflects the profits of his industry, he said, the chains buy at the same prices from food producers and have similar costs.

Humphrey said so far this year Safeway profits were 40 per cent higher than last year.

He said stating profits in terms of sales — a penny or a penny and a fraction on the dollar — is misleading. When profits are compared to investment they range around 20 per cent, he said.

Your profits are as good as the oil companies' and here I was going after oil all these years!" Humphrey said.

Food Industry Crying Piety, Tears Over Profit Situation

WASHINGTON (UPI)—Congressional investigators say the food industry, which often claims its profits can be measured in pennies, actually reaps about as much money as other big U.S. industries.

Food profits, the staff study reports, are neither spectacular nor poor when compared with others.

On the surface, that may seem unsurprising. In reality, however, it is surprisingly controversial. The big dispute between the committee staff and the supermarket industry is how to measure profits.

The study said: "The more valid index of food chain performance is rate of return on equity (which can make profits appear higher). Rate of return on equity has, in the past, been neither spectacular nor poor. Certainly no claim can be supported that far greater profit rates are needed or justified."

The staff study was prepared as a working paper for an investigation by Congress Joint Economic Committee into the role supermarkets play in the widening spread between what farmers receive and what consumers pay for food.

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Commission deaf to milk price cut

11/21/74
54

By Ann Ehrenburg
R-J Staff Writer

No retail price increases were voted by the Nevada Dairy Commission Wednesday, but the group refused the plea of its executive director to reduce milk prices five cents a half gallon.

Clarence Cassady, director, recommended grocery store profit margins be reduced five cents a half gallon in Southern Nevada.

Cassady said the stores have been uncooperative in providing information to the Commission. He also pointed to a study which showed the stores' cost of handling milk is only 12.7 per cent at most, not 18 per cent as claimed by the retailers.

Conrad Langille, a financial expert, conducted the cost study for the Dairy Commission and the State Consumer Affairs Division.

Langille said the stores showed little cooperation with the study. No one representing retailers testified before the Commission Wednesday.

Director Cassady said a price drop might "shock" the retailers into providing price-cost information.

"I think a reduction for the stores is in order until they want to come forward with

more information. We have been very negligent in not accessing the correct markup the retail stores should have.

"We do not have equitable pricing on milk in the stores in this town," Cassady emphasized. "Several stores have said in the past they could sell milk for less than our minimum prices," said Cassady.

The Dairy Commission sets minimums at the producer, wholesale and retail levels to stabilize the milk industry in Nevada.

Cassady said the Dairy Commission has met seven times since April trying to come up with a way to make milk prices fairer at all levels.

"So far, the industry has failed to respond with anything but 'Let's raise the consumer price,'" he said.

In his suggestion for cutting retail prices, Cassady received support from the two women on the board, Marge Connally and Phyllis Berkson, both representing consumers. Dairy industry men hold a majority on the Dairy Commission.

Members Glen Coon and Ron Averett said reducing margins of stores would force the stores to purchase milk in California where the wholesale prices are cheaper.

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LEGISLATIVE COUNSEL BUREAU

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reduce
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Milk sales in few hands

WASHINGTON (AP) — A Federal Trade Commission staff study released Wednesday described milk sales as heavily dominated by a few companies, creating a situation where prices could be maintained at artificially high levels.

The report contained no estimates, however, of how the heavy market concentration might be affecting consumer prices.

The report noted that milk retail prices have increased more slowly than prices for all grocery store food in recent years, and the profit margin has been below that of all manufacturing and other food processors until the last few years.

The trends existed despite the staff's finding that in most metropolitan areas, the four largest dairy processors account for 70 per cent of milk sales.

The report said economists feel that any time the four largest companies in a field account for more than 60 per cent of the market, the result is a tightly knit oligopoly with some sort of price leadership to maintain prices above what they would be if competition were stiffer.

The report estimated that the dairy industry leads all other industries in the number of price-fixing and market allocation cases brought by the federal government. The report concluded, "The oligopolistic market structure at all levels of the industry have made it, particularly, prone to price conspiracy and price discrimination."

The staff report noted that the commission continues its policy of limiting mergers and acquisitions by the nation's largest dairies. The commission maintains the limits through various (e.g.) orders which will gradually be expiring over the next few years.

11/21/74

R-J viewpoint

Middlemen milking bulk of dairy profits

We urge President Ford to veto a bill that would add six cents to the price of a half gallon of milk and 12 cents to a pound of cheese.

The bill was rushed quietly through Congress just before the Christmas adjournment and few people were aware of what happened until the measure had passed.

We do not want to start the New Year on such a pro-inflationary note.

The bill will die automatically unless the President signs it by next Saturday.

Sen. Hubert Humphrey sponsored the bill to require the federal government to raise by about 18 per cent the level at which it supports the price of raw milk.

The cost to consumers would be up to \$1 billion next year, including higher prices and more government spending on surplus milk.

We are glad the Agriculture Department and the Council of Economic Advisors are asking Ford to kill the bill. It would place an even greater burden on consumers, especially those with small incomes and large families who already are hard pressed.

The price of milk has been the subject of bitter debate nationally and in Nevada in recent years with dairy farmers, retailers, wholesalers and consumers asking for a break. Each group has its financial problems.

We realize the dairy farmers are not getting what they deserve for dairy products and cattle. Yet the consumer pays and pays.

If the national administration is to make good its promise to end inflation, it must take a hard look at whether middlemen are obtaining excess profits.

In the long run, this is the best way to help the dairy farmers. The consumer price-increase solution is temporary at best, cruel at worst.

LEGISLATIVE COUNSEL BUREAU

Read

no price drop why? lowered when grain went down 17 days later

raised because grain

Milk Costs Constant

The prices paid to dairymen and women have dropped in January, but milk prices for the consumer will remain the same, according to Nevada Farm Bureau Executive Vice President Charles L. White.

He said Nevada milk producers have been informed that the price paid for milk has been dropped seven cents a hundredweight.

The cut was ordered by the state dairy commission and followed an established formula based on decreases or increases in the cost of hay and grain, which is reviewed each month.

Although normally any action affecting the price paid to the producer is passed on to the consumer, he said, there was no change in store prices as a result of this order.

RJ
1/19/75

Milk price decreased

RENO (UPI) — The Dairy Commission has ordered a seven cent per hundredweight decrease in the price milk distributors pay farmers for milk in January.

A spokesman for the commission said, however, the decrease will not show up in the form of lower prices in grocery stores.

The cut was ordered by the State Dairy Commission because of a decrease in the cost of hay and grain needed to feed milk cows.

Increase In Price Of Milk

All major supermarkets in the Las Vegas area have now taken advantage of a pass-along price increase by raising the price of milk a penny a half-gallon.

Albertson's, Mayfair, Lucky's, Safeway, Smith's Food King and Thriftmark have all increased a half-gallon of milk from 79 cents to 80 cents in the last three days.

The increase came as a result of the Nevada Dairy Commission voting 6-2 in November to increase the price paid to producers from \$9.33 to \$9.53 a hundred weight.

The reason given for the increase to producers was to pass along the price increase of feed and to bring prices in line with those paid in northern Nevada.

In such increases to producers, wholesalers and retailers are allowed to pass the price on to consumers.



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Las Vegas

REVIEW-JOURNAL

NEVADA'S LARGEST AND MOST COMPLETE NEWSPAPER
LAS VEGAS, NEVADA, THURSDAY, JULY 25, 1974

VOL. 66 NO. 113 PHONE 385-4241 15 CENTS 104 PAGES

Milk prices LEGISLATIVE COUNSEL BUREAU increased 2¢

over

By Ann Ehrenburg
R-J Staff Writer

The Nevada Dairy Commission Wednesday hiked milk prices two cents a quart, despite bitter protests from Commission staff and consumer members.

Effective in 30 days, minimum store prices will go from 75 cents to 79 cents a half gallon and from 38 cents to 40 cents a quart of whole milk.

Dairy farmers will benefit from the rise, which won support from five industry members on the Commission. The three consumer members voted no.

The industry-dominated body also voted to increase the price of chocolate milk and allow several automatic price rises without public hearings.

Phyllis Berkson, consumer member from Lake Tahoe, blasted the Commission for its votes.

"You're making a big mistake. You're asking a license to do business and then giving yourself a license."

Mrs. Berkson said she was furious because Commission chairman Dale G. Hunt, dairy farmer from Bunkerville, signed a petition requesting a price increase, then voted for it.

"I'm calling the governor right after this meeting. You can't do that," she snapped.

Hunt retorted, "As a producer I have a right to sign a petition. The cost of grain has gone up, farmers in other states are getting more than we are, we can't exist like this."

Ciarence Cassady, employed as Commission administrator, objected to the increase, noting that all Southern Nevada dairy farmers have not submitted cost studies to justify it.

Such figures from dairy farmers, distributors and retailers — who all want price hikes — are to be presented to the Commission in another public hearing Sept. 11 in Las Vegas.

Cassady said dairy farmers



PHYLLIS BERKSON
...consumer



DALE HUNT
...voted increase

Rex Lundberg foresees possible boycott of milk

Rex Lundberg, Nevada consumer affairs commissioner, hinted at a possible boycott of milk Wednesday when he testified before the state Dairy Commission.

"As a state official, naturally, I could not encourage a consumer boycott. But I see it as a mechanism if the consumer is not satisfied that he is properly taken into account in the price decisions of the Dairy Commission."

The Commission voted several price increases, but they are subject to review Sept. 11 at another public hearing when the milk industry is to prevent financial statements justifying such price rises.

"If we do not receive a detailed, accurate study of profits, itemized statements, invoices, consumers will not be satisfied that increases were necessary."

"The consumer voice is going to be heard. He must be properly represented and his needs taken into account," said Lundberg.

should settle for a price freeze until Sept. 11 when it is known exactly how much of an increase is needed.

"I know they are not getting what they should, but I'm not prepared to say what it should be now, nor is there sufficient evidence in the record on this."

Southern Nevada farmers now receive \$8.53 per hundredweight

for raw milk, a price set by the federal government. States can set floors above the minimum federal prices and the Commission voted on a price of \$9.33 for this area.

The raw price for farmers is passed-through to distributors and retailers to consumers, resulting in the four cent a half gallon increase.

There were several votes Wednesday in which all members split on consumer-industry lines.

Twice the industry members voted down Mrs. Berkson's motions to give farmers a price freeze instead of an increase.

They also fixed her motion to place a freeze on consumer prices until the Sept. 11 hearing.

In pro-industry votes, the Commission decided to pass-through automatically, without public hearings, costs of raw milk, cartons and labor.

The latter two pass-throughs were sought by milk distributors who said the cost of paper keeps rising. The Commission did not say how much these automatic increases would cost consumers.

In another distributor-proposed measure, Glen Coon, Commission member moved to increase the price of chocolate milk one penny a quart. Coon, of Anderson Dairy, said this is necessary because of higher costs of sugar. The Commission also hiked the price of chocolate milk in Reno by one cent a quart.

Voting for the price increases were chairman Hunt; William Canepa, Reno dairy farmer; Grant Oxborrow, Ely retailer; Coon; and Ronald Averett, Reno distributor.

Consumers opposing the rises were Mrs. Berkson, Marge Conley and Samuel A. Simpkin of Las Vegas.

Charles Levinson, vice president of Consumers League of Nevada, said his group questioned the legality of the votes and probably would file a suit against the Dairy Commission if it could raise enough money.

"I think this is illegal. It's like a club. You vote for me and I'll vote for you. There has been no substantial documentation for these increases. I have seen some minor financial documents submitted to the Commission, but not complete profit and loss statements. We don't know if these companies are making two per cent profit or 20 per cent."

note

note

note

Cost of grain went up Price went up

From monthly went down Price (up)

Sum
7/25/74
p. 6

Milk Prices Going Up One (Maybe 4) Cents ⁶⁹

By ANN HENDERSON
SUN Staff Writer

Milk prices will go up in Southern Nevada four cents a half-gallon or two cents a quart next month, the Nevada Dairy Commission decided yesterday in Las Vegas.

However, there is one small catch to three of the four cent increase — the legality of the vote cast by commission chairman Dale Hunt.

Hunt was one of the original signers of a petition for a commission hearing to consider an increase, and his vote was needed to pass a producer motion to increase to \$9.33 a hundredweight for raw milk, which is 24 cents below a freeze for the Reno area.

The chairman votes in case of a tie or to make the quorum of five needed to pass an increase.

Shortly after the increase was approved, pro-increase commission members voiced the idea of going to Governor Mike O'Callaghan to waive the mandatory 30-day waiting period before an increase could go into effect.

However, during a recess Hunt called commission lawyer Mead Dixon, who informed him the vote was "questionable," and the matter would have to be researched. Hunt said the increase would go through the normal waiting period to allow the legality to be established.

If lawyers decided the vote was indeed a conflict of interest, Hunt said he would negate his vote, which would leave consumers with the one cent increase.

A portion of the one-cent increase came from a proposal by Arden Farm Dairy for a change in the pricing formula of the commission.

Distributor costs, of raw products only, can be passed through to the fourth decimal point, which means if the increase is under a cent the retailer will absorb the cost. If it is over half the consumer bears the cost.

Another portion of the one-cent increase will come from a distributor request to pass on increase in packing costs and projected labor increases. In the future such increases will be passed through without notice or hearing.

A motion by Phyllis Berkson to freeze consumer prices at their present level until Sept. 11 was voted down by the commission. Mrs. Berkson said she felt more distributor information was needed. Visibly irritated at the increase, she

informed commission members, "I wish some of you people would think for yourselves."

Mrs. Berkson was referring to what some members of the Consumer League of Southern Nevada and consumer commission members called a "voting bloc" of producer-distributor-retailer commission members.

Effective for this go-around of increases only was an approval allowing the distributor to recoup losses sustained during the recent price decrease in milk. Under the raw product pass-through, they would regain only three cents a half-gallon.

Chocolate milk lovers will pay an ad-

ditional one cent a quart for the flavored milk. The one cent raise brings the price of chocolate milk above that of white milk. Distributors asked for the increase because of spiraling products costs, particularly sugar.

Confusion and temper flares reigned during the day-long session. A motion was made twice by Mrs. Berkson and rejected twice to freeze producer prices at their present level, \$8.53. When commission members realized the raw milk price was scheduled to drop to \$7.91 in August under Federal order, and when the legality of Hunt's vote on the increase to \$9.33 was questioned, Mrs. Berkson was asked to make her motion again, thereby assuring no money would be lost by producers in the interim period. She refused.

One distributor objected to the double protection for producers, saying distributors up until that point had received only one.

The qualifications of Rex Lundberg, commissioner of consumer affairs, was challenged by Anderson Dairy attorney Herb Jones. Jones said he "took offense" at Lundberg's testimony to the commission.

Lundberg said consumers would go along with "justifiable increases," but other members did not reciprocate. He said he could even foresee a consumer boycott if a full study was not made to justify retail and distributor increases.

Consumer League motions regarding the "vested interest" seating of the commission and insufficiency of notice were overruled. Another objection regarding incomplete commission cost studies was held in abeyance until September to allow time to compile the studies.

A Consumer League request for full disclosure of financial information will be held off until a legal opinion can be obtained.

Another distributor increase from Anderson Dairy will be considered in September as the commission ruled the dairy needed to provide more information.

The next commission meeting will be August 28 in Reno. They will meet in Las Vegas Sept. 11 in the Howard Johnson Motor Lodge, and in the words of one Commissioner, "hopefully answer if all the prices are right."



DALE HUNT
... 'Is it legal' ...



CLARENCE CASSADY
... Explains issues ...

Arden Farm

LETTER

JUNE
PAGE 9



SECRET...Levinson charged also that a major reason for consumer unrest is the secrecy surrounding the financial data used by the commission to determine minimum prices for milk. He said representatives of consumer interests "don't know if they are making a profit or not."

Levinson's criticism of the commission makeup was answered Clarence Cassidy, dairy commission administrator, who said the Nevada body and its authority is similar to systems used in many other states. That may be true, but California consumer interests are talking about the same kind of challenge the Nevada Consumers League has been discussing. The entire matter needs to be brought to a head. While the state needs a strong and viable dairy industry, those who pay the price must also be assured that price-fixing authority is exercised in a fair and equitable manner.

LEGAL FUND.....The League is going to submit an application with the city of Las Vegas for a CHARITABLE SOLICITATION PERMIT. As soon as the permit is issued (we will know on the 6th of June) we will be starting a campaign to gather funding. I sincerely hope that all of you will support our legal fund because you are aware of the necessity of this type of action.

NOTE::: WE WILL BE SENDING OUT A CONSUMER ALERT---KEEP WATCH!!

NEW MATERIALS ON ENVIRONMENT (EPA CITIZENS' BULLETIN)

Single copies are free

THE LEAGUE WILL BE WORKING ON A SPECIAL REPORT DEALING WITH SMALL CLAIMS COURTS.

CONSUMER GROUP PLANS DAIRY BOARD CHALLENGE (5/23, 1974 SUN EDITORIAL)

The Consumers League of Nevada is considering a legal challenge of the makeup of the Nevada Dairy Commission, an action that will strike a responsive chord with many consumers.

The dairy commission, created by state law, is composed of nine members, with only three representing the public. The remaining six represent various portions of the dairy industry.

The law creating the commission requires it to set retail milk prices so that they at least equal production costs, and it prohibits any supplier from providing milk to consumers below the commission-adopted schedule.

GUARANTEED PROFIT...Charles Levinson, a spokesman for the consumer league, charges that the law guarantees the most inefficient manager a profit while the efficient producer receives "windfall."

The consumer league protest undoubtedly is inspired by a series of price increases on dairy products which finds the minimum price for milk at 79¢ a half gallon in Northern Nevada and 81¢ in the south. (As of June 1st, milk will be 79¢ a half gallon in Las Vegas.)

Levinson also says that if money cannot be raised to pay the costs of the legal challenge, efforts will be made to change the laws in the 1975 session.

REVISIONS FAIL...Similar efforts have been made in each of the sessions following the creation of the dairy commission about 15 years ago, but with little success.

Efforts have been made in recent years to strip the commission of price-fixing authority, to restructure it to provide for a stronger consumer voice, to no avail.

One of the basic reasons is that committees to which such legislation is sent have been dominated by rural and agricultural interests, with the result that little is heard from the measures after initial introduction.

Sum
5-23-74

LEGISLATIVE COUNSEL BUREAU

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- ria—La. Restaurant
- La. Bankers Asso-
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General has promulgated five rules describing certain commercial practices considered unlawful by the GOCP. Copies of the rules are available on request.

*****LEGISLATIVE COUNSEL BUREAU*****

AFTER THE SESSION

Legislation enacted by the 1974 Louisiana Legislature of special interest to the consumer:

MILK—Everybody's Issue—Act 31 (HB47), after many amendments, in final form sets prices of milk and milk products at the farmer (producer) level by the La. Dept. of Agriculture through a price formula. It abolished the La. Milk Commission, which fixed prices at wholesale and retail levels, and replaced it with the Dairy Stabilization Board, which controls prices at the wholesale level only. The Board, appointed by the Governor, consists of a producer, a retailer, a processor, and four consumer members.

MOBILE HOMES—A Good Move—Act 281 (HB 593) makes it illegal to sell mobile homes in Louisiana (manufactured after January 1, 1975 in or out of state) without a seal of approval by this state and is enforced by the State Fire Marshal. This seal indicates that the mobile home meets certain American National Standards Institute and National Fire Prevention Association electrical, plumbing, and construction standards. No gas or electric utilities may be connected to a mobile home without proof of date of manufacture and/or seal.

ALTERING REDHIBITION LAW—A Consumer Setback—Act 673 (SB 546) weakens the right of a purchaser to obtain a refund on a product found to have serious hidden defects by allowing the seller a "reasonable opportunity" to repair or replace the product sold. Problems could arise as to the definition of "reasonable opportunity."

DOOR TO DOOR SALES—Refund for Consumer—Act 466 (HB 1375) makes it illegal for the seller of a home solicitation sale to keep any part of a consumer's cash down payment if consumer has cancelled within three days.

GAS STATIONS—Dealer's Day in Court—Act 628 (SB 408) allows service station dealer action for



SUN Editorial

34 LAS VEGAS SUN

Thursday, July 25, 1974

Today's Editorial

LEGISLATIVE COUNSEL BUREAU

'Insiders' Run Dairy Board, Outsiders Pay

Inflation has focused attention of consumers on the Nevada Dairy Commission, which stands as an example of how unwise it often is for government to interfere with the natural law of supply and demand.

Critical light on the commission's actions results from price pressures on family pocketbooks. When that pressure was lacking, or at least was much less severe than it is now, there was little public interest in the commission or its reason for existence.

The act creating the commission passed the Nevada Legislature, but not without bitter debate, because its advocates convinced a majority of the lawmakers that it was necessary to save the dairy industry in Nevada.

Stiff Competition

Nevada dairy farmers had to comply with stiff requirements governing construction of their barns, their equipment and the conditions under which milk was produced and processed.

At that time, standards were far less rigid in the neighboring state of Utah, with the result that milk could be produced at less cost than in Nevada, whose products were losing the race for customers' favor in local retail outlets.

The answer, according to the advocates of the law, was to create a commission to bar the lower-priced products from competition in Nevada, and also to comply with federal regulations on marketing areas which went with milk subsidy programs voted by Congress.

over

Dominant Group

Basically, the commission looks at the cost of producing milk in each of the several marketing areas in Nevada, considers a profit markup for the industry and then sets a minimum price on the product. It is a violation of law for anyone in the industry to sell below that minimum, including to other agencies of government even should a retailer or wholesaler desire to do so.

At its inception, the commission, by law, was heavily dominated by those from inside the industry, producers, producer-distributors, distributors and retailers. Through the years, the membership has been increased to nine members, but consumers are in the distinct minority, as they have been from the outset.

One of the very critical areas of commission action is fixing the margin of profit allowed within the industry with its critics claiming the present standard is too high. There is also the question of whether inefficient methods of production or distribution are being subsidized, to the detriment of the public.

Figures Secret

As long as these questions remain unanswered, there will be a continuing public protest, which can be justified as long as industry interests dominate the price-fixing agency.

The public, for example, isn't informed on how production costs are determined, whether they are accurate, and is left with the impression that profit margins are the sole business of the industry.

In other words, the way the commission operates now, the industry has the best of two worlds. Profits are assured to those all along the line but the operator is left free to conduct his business in any way he sees fit, with the consumer paying the price, whatever it may be.

No 'Leveler'

inefficient methods of production or distribution are being subsidized, to the detriment of the public.

Figures Secret

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In other words, the way the commission operates now, the industry has the best of two worlds. Profits are assured to those all along the line but the operator is left free to conduct his business in any way he sees fit, with the consumer paying the price, whatever it may be.

No 'Leveler'

There is no competition, the great leveler under our economic system, to encourage efficiency, cost-cutting production and distribution methods and all the other outside factors which other industries must accommodate to remain in business.

As they have in the past, Nevada lawmakers in 1975 will be asked to revise the dairy commission to make it more responsive to public, as opposed to industry, interest.

It may be that the conditions have changed enough to make it clear to the legislators they should listen more closely to these demands than they have in the past, when they ignored them.



MIKE O'CALLAGHAN
GOVERNOR

STAYS
AS
A
PK.
Give to Members

One
copy

LEGISLATIVE COUNSEL BUREAU

STATE OF NEVADA

CONSUMER AFFAIRS DIVISION

NYZ BUILDING
201 SOUTH FALL STREET
CARSON CITY, NEVADA 89701
(702) 885-4340

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REX W. LUNDBERG
COMMISSIONER
LAS VEGAS
JOE LAWLER
DEPUTY COMMISSIONER
CARSON CITY

Reno, Nevada July 11, 1974

My name is Rex Lundberg and I am the Commissioner of Consumer Affairs for the State of Nevada. My purpose for being here today and testifying before the Nevada Dairy Commission is to act as advocate for the consumer and to offer suggestions that I believe will alleviate the consumer's concern regarding the escalation of dairy product prices.

Because the producer's welfare is mainly decided by the Federal Government at this time, I will address my remarks to the wholesaler and retailer segments of the marketplace.

THE WHOLESALER/DISTRIBUTOR

I am greatly concerned about the apparent inefficiencies that exist in at least the routing schedules utilized by the wholesaler. I would direct your attention to Exhibit I which relates to the wholesale delivery schedule of January 15-20, 1973. The alarming part of this document is shown in the 5th column, "Accumulative Percent" (of stops to total number of stops.) Column 6 begins on page 3 and reads through pages 2 and 1. The difference between column 5 and 6 is that the former is ascending from the lowest sale per stop to the highest and the latter descends from the highest sales per stop to the lowest.

Dairy Commission - Rex Lundberg
July 11, 1974
Page 2

This is visually demonstrated in Exhibit II as the lines labeled "A" and "C".

The dollar value of each category of "stop" is shown in Exhibit III as Column 3. These figures represent the number of stops in each category multiplied times the average sale at that stop. The accumulative percentage of each category to total sales is shown in Column 5 of Exhibit III. Again, the Column on the far right represents the opposite direction, from highest sales to the lowest. These figures are shown graphically on Exhibit II as lines "B" and "D", respectively.

The point I'm making here is that efficiency appears to drop off rapidly when sales per stop fall below \$90.00. I propose that, until an efficiency study is made to determine means that will reduce this high cost of doing business, or until a graduated price schedule is adopted to reward efficiency and not inefficiency, the percent of markup (or amount of consumer dollar retained) be reduced from those shown in Exhibit IV, Column 5 of "Wholesaler", by an amount indicated in Exhibit I at the intersection of lines "B" and "C", or approximately 25%. In addition, I would recommend consideration be given to the proposal submitted by the Knudsen Corporation on May 23, 1973, reflecting a ^{"REVERSE"} discount schedule based on volume of sales, or an appropriate modification of same.

THE RETAILER

I understand the retailers have requested a gross profit margin of 18% to cover a 16½% cost of operations and a 1½% profit.

Dairy Commission - Rex Lundberg
July 11, 1974
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Exhibit V states a net profit of 2% is considered very good, when compared with an annual rate of return on investments of almost 20%. The Winn-Dixie example is detailed in Exhibit VI, establishing its 2% profit.

The composite grocery chain store operating expenses (Exhibit VII) shows, on the bottom line, a stockturn of 12.51 (1971-72). As dairy products turn-over a conservative 50 times per year, the effective profit margin is four times that of the average stock in a grocery store. I don't believe the milk consuming public should have to subsidize the "slower stock". In this regard, I propose the "profit" margin of the retailer (shown in Exhibit IV, far right column) should be reduced by 3/4 to a more realistic markup of approximately 3%. Previous testimony mixed "apples and oranges" when the witnesses declared their cost of operating precluded their making a profit. Because of the stock-turn aspect, the cost of goods sold is not truly reflected in a static, end-of-the-year financial statement. Based on an example of \$100 a week paid for products, the year end total of \$5200 is not the actual cost of products sold, or total out-of-pocket costs. At no time was the investment (in this example) more than \$100, due to the weekly turn-over. Hence, annual rate of return should be based on average inventory, not the total amount which passed through the store.

Thank you for this opportunity to present the consumer's point of view.

LEGISLATIVE COUNSEL BUREAU

THE STATE OF NEVADA DAIRY COMMISSION
Southern Nevada Marketing Area

SCHEDULE 1. Wholesale sales during week of January 15-20, 1973.
Amount of sales in \$10.00 increments.

AM'T. OF SALES	TOTAL NO. OF STOPS	ACCUMULATIVE NO. OF STOPS	PERCENT OF TOTAL STOPS	ACCUMULATIVE PERCENT	
\$ 0 - 5	202	202	6.9%	6.9%	100.05
5 - 10	289	491	9.8%	16.7%	93.20
10 - 20	410	901	13.9%	30.6%	83.40
20 - 30	328	1,229	11.1%	41.7%	69.49
30 - 40	288	1,517	9.8%	51.5%	58.36
40 - 50	196	1,713	6.7%	58.2%	48.59
50 - 60	173	1,886	5.9%	64.1%	41.94
60 - 70	147	2,033	5.0%	69.1%	36.67
70 - 80	117	2,150	4.0%	73.1%	31.08
80 - 90	90	2,240	3.1%	76.2%	27.11
90 - 100	69	2,309	2.4%	78.6%	24.06
100 - 110	62	2,371	2.1%	80.7%	21.72
110 - 120	36	2,407	1.2%	81.9%	19.62
120 - 130	45	2,452	1.5%	83.4%	18.40
130 - 140	50	2,502	1.7%	85.1%	16.87
140 - 150	25	2,527	0.9%	86.0%	15.17

over

150 - 160	23	2,550	0.8%	86.8%	14.32
160 - 170	20	2,570	0.7%	87.5%	13.54
170 - 180	15	2,585	0.5%	88.0%	12.86
180 - 190	16	2,601	0.5%	88.5%	12.35
190 - 200	25	2,626	0.9%	89.4%	11.81
200 - 210	17	2,643	0.6%	90.0%	10.96
210 - 220	14	2,657	0.5%	90.5%	10.38
220 - 230	13	2,670	0.5%	91.0%	9.91
230 - 240	9	2,679	0.3%	91.3%	9.47

LEGISLATIVE COUNSEL BUREAU

THE STATE OF NEVADA DAIRY COMMISSION Southern Nevada Marketing Area

SCHEDULE 1. Continued. . .

AM'T. OF SALES	TOTAL NO. OF STOPS	ACCUMULATIVE NO. OF STOPS	PERCENT OF TOTAL STOPS	ACCUMULATIVE PERCENT	
240 - 250	17	2,696	0.6%	91.9%	9.16
250 - 260	7	2,703	0.2%	92.1%	8.58
260 - 270	9	2,712	0.3%	92.4%	8.34
270 - 280	8	2,720	0.3%	92.7%	8.03
280 - 290	11	2,731	0.4%	93.1%	7.76
290 - 300	13	2,744	0.5%	93.6%	7.39
300 - 310	12	2,756	0.4%	94.0%	6.95
310 - 320	4	2,760	0.1%	94.1%	6.54
320 - 330	12	2,772	0.4%	94.5%	6.40
330 - 340	8	2,780	0.3%	94.8%	5.99
340 - 350	5	2,785	0.1%	94.9%	5.72
350 - 360	7	2,792	0.2%	95.1%	5.55
360 - 370	5	2,797	0.1%	95.2%	5.31
370 - 380	3	2,800	less than 0.1%	95.2%	5.14
380 - 390	5	2,805	0.1%	95.3%	5.04
390 - 400	4	2,809	0.1%	95.4%	4.87

400 - 410	4	2,813	0.1%	95.5%	4.7
410 - 420	6	2,819	0.1%	95.8%	4.5
420 - 430	5	2,824	0.1%	95.9%	4.2
430 - 440	8	2,832	0.3%	96.2%	4.
440 - 450	2	2,834	less than 0.1%	96.4%	3.
450 - 460	4	2,838	0.1%	96.5%	3
460 - 470	3	2,841	less than 0.1%	96.5%	2
470 - 480	7	2,848	0.2%	96.7%	
480 - 490	2	2,850	less than 0.1%	96.7%	
490 - 500	4	2,854	0.1%	96.8%	

LEGISLATIVE COUNSEL BUREAU

THE STATE OF NEVADA DAIRY COMMISSION Southern Nevada Marketing Area

SCHEDULE 1. Continued . . .

AM'T. OF SALES	TOTAL NO. OF STOPS	ACCUMULATIVE NO. OF STOPS	PERCENT OF TOTAL STOPS	ACCUMULATIVE PERCENT	
500 - 600	34	2,888	1.1%	97.9%	3.19
600 - 700	20	2,908	0.7%	98.6%	2.04
700 - 800	11	2,919	0.4%	99.0%	1.36
800 - 900	9	2,928	0.3%	99.3%	0.99
900 -1000	9	2,937	0.3%	99.6%	0.68
1000 -2000	11	2,948	0.4%	100.0%	0.37

LEGISLATIVE COUNSEL BUREAU

AMOUNT OF LES			\$/CATEGORY (AVERAGE)	% OF TOTAL \$ ON ROUTES	ACCUMULATED PERCENT	ACCUMULATED AVERAGE \$/STOP	ACCUMULATED AVERAGE \$ RECD./STOP	ACCUMULATED % OF STOPS TO TOTAL
0 -	5	6.9	\$ 505	0.19			\$ 90.19	99.99
5 -	10	16.7	2,167	0.82	1.01	\$ 5.44	96.64	99.80
10 -	20	30.6	6,150	2.31	3.32	9.79	107.12	98.98
20 -	30	41.7	8,200	3.08	6.40	13.85	125.57	96.67
30 -	40	51.5	10,080	3.79	10.19	17.87	144.76	93.59
40 -	50	58.2	8,820	3.32	13.51	20.97	166.86	89.80
50 -	60	64.1	9,515	3.58	17.09	24.09	186.19	86.48
60 -	70	69.1	9,555	3.59	20.68	27.05	207.57	82.90
70 -	80	73.1	8,775	3.30	23.98	29.66	230.47	79.31
80 -	90	76.2	7,650	2.88	26.86	31.88	253.26	76.01
90 -	100	78.6	6,555	2.47	29.33	33.77	274.65	73.13
100 -	110	80.7	6,510	2.45	31.78	35.63	294.05	70.66
110 -	120		4,140	1.56	33.34	36.82	314.37	68.21
120 -	130		5,625	2.12	35.46	38.44	327.63	66.65
130 -	140		6,750	2.54	38.00	40.37	346.02	64.53
140 -	150		3,625	1.36	39.36	41.40	369.67	61.99
150 -	160		3,565	1.34	40.70	42.43	383.02	60.63
160 -	170		3,300	1.24	41.94	43.38	396.19	59.29
170 -	180		2,625	0.99	42.93	44.14	408.43	58.05
180 -	190		2,960	1.11	44.04	45.01	418.07	57.06
190 -	200		4,875	1.83	45.87	46.44	428.82	55.95
200 -	210	90.0	3,485	1.31	47.18	47.46	446.97	54.12

ADDED

OVER

210 - 220		3,010	1.13	48.31	48.34	460.46	52.81
220 - 230		2,925	1.10	49.41	49.20	472.27	51.68
230 - 240		2,115	0.80	50.21	49.83	483.83	50.58
240 - 250		4,165	1.57	51.78	51.06	492.16	49.78
250 - 260		1,785	0.67	52.45	51.58	508.83	48.21
260 - 270		2,385	0.90	53.35	52.29	516.08	47.54
270 - 280		2,200	0.83	54.18	52.95	525.66	46.64
280 - 290		3,135	1.18	55.36	53.88	534.45	45.81
290 - 300		3,835	1.44	56.80	55.02	547.10	44.63
300 - 310	94.0	3,660	1.38	58.18	56.11	563.16	43.19
310 - 320		1,260	0.47	58.65	56.49	579.30	41.81
320 - 330		3,900	1.47	60.12	57.65	584.92	41.34
330 - 340		2,680	1.01	61.13	58.45	602.64	39.87

LEGISLATIVE COUNSEL BUREAU

EXH 713

1.2

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AMOUNT OF SALES		\$/CATEGORY (AVERAGE)	% OF TOTAL \$ ON ROUTES	ACCUMULATED PERCENT	ACCUMULATED AVERAGE \$/STOP	ACCUMULATED AVERAGE \$ RECD./STOP	ACCUMULATED % OF STOPS TO TOTAL
340 - 350	95.1	\$ 1,725	0.65	61.78	\$58.96	\$ 615.39	38.86
350 - 360		2,485	0.93	62.71	59.71	623.68	38.21
360 - 370		1,825	0.69	63.40	60.25	635.74	37.28
370 - 380		1,125	0.42	63.82	60.59	644.70	36.59
380 - 390		1,925	0.72	64.54	61.17	650.17	36.17
390 - 400		1,580	0.59	65.13	61.64	659.44	35.45
400 - 410		1,620	0.61	65.74	62.13	667.05	34.86
410 - 420		2,490	0.94	66.68	62.88	674.81	34.25
420 - 430	95.9	2,100	0.79	67.47	63.51	686.90	33.31
430 - 440		3,480	1.31	68.78	64.56	697.66	32.52
440 - 450		890	0.33	69.11	64.83	715.78	31.21
450 - 460		1,820	0.68	69.79	65.38	720.53	30.88
460 - 470		1,395	0.52	70.31	65.80	730.18	30.20
470 - 480		3,325	1.25	71.56	66.81	737.62	29.68
480 - 490		970	0.36	71.92	67.10	756.00	28.43
490 - 500	96.8	1,980	0.74	72.66	67.70	761.53	28.07
500 - 600		18,700	7.03	79.69	73.38	772.87	27.33
600 - 700		13,000	4.89	84.58	77.35	899.17	20.30
700 - 800	99.0	8,250	3.10	87.68	79.88	1,023.75	15.41
800 - 900		7,650	2.88	90.56	82.25	1,127.59	12.31
900 - 1000		8,550	3.22	93.78	84.91	1,292.50	9.43
1000 - 2000	100.0	16,500	6.21	99.99	90.19	1,500.00	6.21
		\$265,873	99.99				

Total Stops = 2,948

\$265,873

Ave/Stop = \$90.19

LEGISLATIVE COUNSEL BUREAU

WESTERN NEVADA - ANALYSIS OF ONE-QUART PRICES

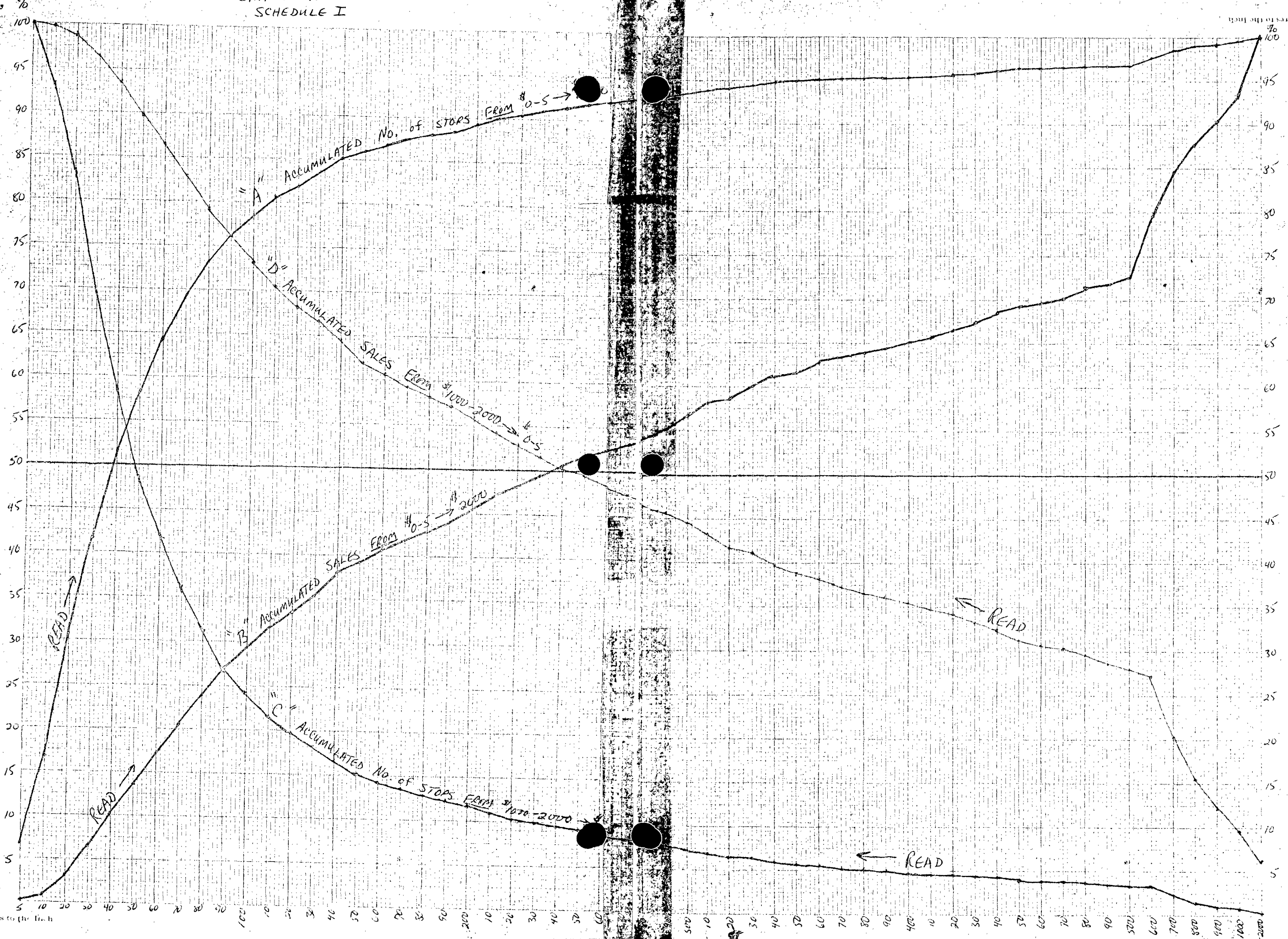
July 1, 1974

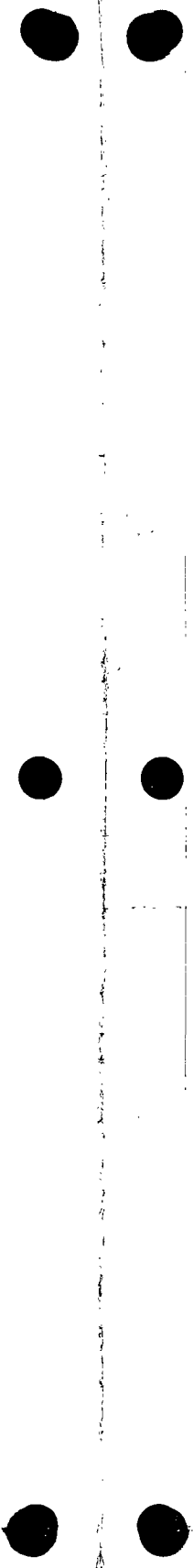
CXL-IV

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Item	% B.F.	PRODUCER*				WHOLESALER					RETAILER					
		Price Recd	Money Retained	Price to 4/73	Price to 5/74	% of Cons \$	Price Recd	Money Retained	Price to 4/73	Price to 5/74	% of Cons \$	Price Recd	Money Retained	Price to 4/73	Price to 5/74	% of Cons \$
Whipping Cream	36.0	70.31 (cents)		105.72	99.06	41.12	1.50	.797	102.74	99.34	46.60	1.71	.21	102.40	99.42	12.28
All Purpose Cream	30.0	60.30		106.78	98.90	40.75	1.30	.697	103.59	99.24	47.09	1.48	.18	102.78	99.33	12.16
Table Cream	20.0	43.42		109.76	98.46	38.42	.99	.556	104.21	99.00	49.19	1.13	.14	103.67	99.12	12.39
Half & Half	11.7	29.22		115.31	97.69	41.74	.62	.328	106.90	98.41	46.83	.70	.08	106.06	98.59	11.43
Concentrated Milk	9.9	30.65		114.54	97.83	36.06						.85		116.44	98.84	
Extra Rich Milk	4.2	20.78		123.25	96.79	53.78	.35	.142	120.0	97.30	35.11	.405	.045	117.39	97.59	11.11
Flavored Milk	3.5	19.54		125.02	96.59	47.65	.365	.17	119.67	97.33	41.37	.41	.045	117.14	97.62	10.98
Nono-Pasteurized	3.5	19.54		125.02	96.59	50.10	.345	.15	121.05	97.18	38.36	.39	.045	118.18	97.50	11.54
Low-Fat Milk	2.0	16.94		130.11	96.09	43.43	.345	.176	125.45	97.18	45.03	.39	.045	121.88	97.50	11.54
" " "	1.0	15.17		134.84	95.65											
Flavored Drink	0.5	14.30		137.76	95.40	38.65	.32	.177	123.08	96.97	47.84	.37	.05	121.31	97.37	13.51
Skim Milk	0.5	14.30	✓	150.68	95.40	40.85	.30	.157	125.00	96.77	44.86	.35	.05	122.81	97.22	14.29

*Estimated Amount





(All Figures in Millions Unless Otherwise Stated)

COMPANY	SALES (000\$)			% Change		EARNINGS (000\$)			% Change		No. of Food Stores 1972
	1972	1971	1970	'72 vs '71	'71 vs '70	1972	1971	1970	'72 vs '71	'71 vs '70	
	A&P	6,279,699e	5,508,508	5,664,025	+14.0	- 2.7	NA	14,619	50,129	NA	
SAFEWAY	6,057,600	5,358,800	4,860,100	+13.0	+10.3	91,100	80,200	68,900	+13.6	+16.4	2,331
KROGER	3,790,532	3,707,918	3,735,774	+ 2.2	- 0.7	18,425	32,213	39,732	-42.8	-18.9	1,395
ACME	2,012,377e	1,861,588	1,798,719	+ 8.1	+ 3.5	NA	12,426	14,934	NA	-16.8	779
LUCKY	1,988,000	1,793,613	1,576,982	+10.8	+13.7	30,500	30,800	27,974	- 1.0	+10.0	248
FOOD FAIR	1,980,458	1,805,855	1,762,005	+ 9.7	+ 2.5	(1,398)	11,399	10,967	NA	+ 3.9	516
JEWEL	1,972,639e	1,809,761	1,628,496	+ 9.0	+11.1	NA	26,637	23,962	NA	+11.2	641
WINN DIXIE	1,833,572	1,609,265	1,418,916	+13.9	+13.4	39,164	33,648	27,615	+16.4	+21.8	877
NATIONAL TEA	1,523,477e	1,613,853	1,590,855	- 5.6	+ 1.4	NA	8,920	7,636	NA	+16.8	960
GRAND UNION	1,343,543e	1,304,411	1,200,831	+ 3.0	+ 8.6	NA	13,018	15,741	NA	-17.3	542
SOUTHLAND	1,228,000	1,085,107	986,580	+13.2	+10.0	20,350	17,797	14,895	+14.3	+19.5	4,460
SUPER MARKETS GENERAL	1,145,024e	976,150	824,942	+17.3	+18.3	NA	9,901	8,067	NA	+22.7	94
ALLIED	990,780	931,533	807,115	+ 6.4	+15.4	1,426	(12,090)	(4,852)	NA	-	329
STOP & SHOP	983,076e	907,734	789,950	+ 8.3	+14.9	NA	3,560	5,637	NA	-36.8	156
FIRST NATIONAL	841,662e	852,748	850,475	- 1.3	+ 0.3	NA	(689)	3,511	NA	-	312
COLONIAL	722,184	696,296	661,157	+ 3.7	+ 5.3	9,071	10,069	8,707	- 9.9	+18.6	433
ALBERTSON'S	687,719e	550,175	487,933	+25.0	+12.8	NA	6,257	5,274	NA	+18.6	246
ARDEN-MAYFAIR	635,000e	647,000	637,000	- 1.9	+ 1.6	NA	2,120	(2,823)	NA	-	208
FISHER FOODS	620,963e	508,153	401,517	+22.2	+26.6	NA	6,883	5,322	NA	+29.3	117
GIANT FOOD	617,603e	560,947	476,974	+10.1	+17.6	NA	8,416	4,209	NA	+100.0	77
COOK UNITED	514,475	472,575	629,771	+ 8.9	-25.0	6,604	8,058	7,659	-18.0	+ 5.2	23
PUEBLO INTERNATIONAL	488,164e	467,143	459,394	+ 4.5	+ 1.7	NA	6,507	4,487	NA	+45.0	98
BORMAN'S	407,928e	379,468	361,319	+ 7.5	+ 5.0	NA	(4,480)	1,210	NA	-	91
DILLON	406,061	344,772	265,281	+17.8	+30.0	7,255	5,908	4,873	+22.8	+21.2	257
WALDBAUM	390,675e	365,117	335,136	+ 7.0	+ 8.9	NA	3,212	2,510	NA	+28.0	107
PENN FRUIT	366,152	372,309	306,375	- 1.7	+21.5	(1,405)	2,603	1,677	NA	+55.2	77
FRED MEYER	349,373e	298,354	261,654	+17.1	+14.0	NA	5,794	4,649	NA	+24.6	42
BOHACK	334,424e	299,932	278,374	+11.5	+ 7.7	NA	(691)	1,519	NA	-	164
FOODARAMA	327,587e	321,479	302,854	+ 1.9	+ 6.2	NA	1,646	2,491	NA	-33.9	70
J. WEINGARTEN	302,618	289,894	258,025	+ 4.4	+12.4	2,056	2,293	1,802	-10.3	+27.2	98
BAZA'R	298,388	306,559	228,017	- 2.7	+34.4	(1,285)	771	727	NA	+ 6.1	89
THRIFTMART	256,549e	260,192	272,944	- 1.4	- 4.7	NA	(747)	41	NA	-	73
BIG BEAR	245,732e	211,110	186,465	+16.4	+13.2	NA	3,993	3,397	NA	+17.5	52
WEIS	239,963	216,492	198,594	+10.8	+ 9.0	9,795	9,718	8,699	+ 0.8	+11.7	78
GREAT SCOTT	239,909	219,277	205,566	+ 9.4	+ 6.7	1,486	1,015	1,957	+46.4	-48.1	45

* Based on 28 Companies
(e) Estimated
(-) Deficit

ers. That adds up to a high saturation of stores in a relatively few states.

And if you do shop at Winn-Dixie, you're probably familiar with the paper bag they use, shown in the illustration. Not that the message on the bag is easy to understand or interpret. Take "Our Net Profit," given as 2 per cent on the pie graph. Yes, Winn-Dixie's net profit was about that in 1972 (actually, 2.1 per cent, according to Fortune). But 2 per cent is good for a food chain, which depends for its actual earnings on high turnover. More meaningful is the annual rate of return on investment, which Fortune quotes at 19.7 per cent in 1972. Quite a difference.

Then there's the anticonsumer message at the bottom. It's a little ambiguous. Does it mean that any costs generated by consumer-protection legislation would be magnanimously absorbed by Winn-Dixie? Or is it a scare tactic to get across the idea that such legislation will drive the already skyrocketing price of food still higher? Commenting on the latter interpretation, New York Congressman Benjamin S. Rosenthal wrote to the chain: "Instead of spending your time and money printing misleading and anti-consumer messages, I respectfully suggest that you attempt to bring about a change in . . . the food situation, so that people can afford food again."

CU also wrote to Winn-Dixie. We asked, among other things, whether the chain would be willing to include on its shopping bag the rate of return on investment. We received no answer from Winn-Dixie. But we did get a comment from an unexpected source: Forbes magazine (October 15, 1973). It quoted James E. Davis, chairman of Winn-Dixie: "It's a bad time for showing profits. Hell, we just got a letter from some guy who is with Consumers Union who insisted we were misleading people. . . . This guy wants us to print

on the bag our return on invested capital. . . . How do you satisfy a dumb SOB like that? He's the kind of guy who really wants us to lose money, then print that on our bags."

You can satisfy us dumb SOBs, Mr. Davis, by printing the whole truth.

THE FDA'S SONG-AND-DANCE ON LEAD IN CANNED MILK

When we published our report on high levels of lead in canned evaporated milk last October, the U.S. Food and Drug Administration went into its now-familiar routine. It pirouetted neatly around our facts, hardly touching them, did a *pas de-deux* with the canned-milk trade association, let fly some press releases suggesting our findings were in error and saying that lead had been reduced to acceptable levels in canned milk; and, finally, bowed to the public while applauding itself.

Unimpressed, we continued our testing program. We bought more samples of canned milk and had them measured for their lead content. Bravo! In no case was the lead level higher than the maximum permitted under the FDA's voluntary guidelines.

Our consultants tested four samples each of seven brands, all bought last September. The brands were A&P (A&P Stores), *Carnation Velvetized* (Carnation Co., Los Angeles), *Finest* (Finest Stores), *Grand Union* (Grand Union Stores), *Louella* (Acme Stores), *Pantry Pride* (Pantry Pride Stores), and *Pet* (Grocery Prod. Div., Pet, Inc., St. Louis).

Two laboratories each tested two samples of each brand. The lowest lead content found was 0.01 parts per million (hardly a trace), and the highest was 0.43 ppm. The average of all samples was 0.13 ppm, well below the guideline maximum of 0.50 ppm, and much further below the 0.70-ppm av-

WINN-DIXIE'S PROFIT: HOW DO YOU COUNT?

If you live in Florida, Georgia, Alabama or the Carolinas, there's a good chance you do your grocery shopping at a Winn-Dixie supermarket. Although Winn-Dixie confines its operation almost entirely to that area, the food chain appears in a Fortune magazine listing of the nation's 50 largest retail-

Here's what happens to the dollar you spend at Winn-Dixie.

63¢
COST OF MERCHANDISE
EMPLOYER
TAXES
OUR NET PROFIT

IF YOU HAVE BEEN SEEING US GO TO OUR STORES, TO ANY A TO GO STORE FOR YOU, WE WOULD BE PLEASED TO TAKE YOUR BUSINESS.

WE'RE "CONSUMER PROTECTION" REGULATIONS COMING AT YOU FROM THE FUTURE.

LEGISLATIVE COUNSEL BUREAU

EXH. VII

Composite Child Support Payments

	1967-68	1968-69	1969-70	1970-71	1971-72
EXPENSES	20,95%	20,98%	20,31%	20,89%	20,78%
Expenses					
Payroll	10.51	10.53	10.65	11.09	11.38
Supplies	.88	.90	.92	1.01	.94
Utilities	.75	.73	.71	.74	.78
Communications	.07	.08	.07	.07	.08
Travel	.10	.12	.11	.11	.10
Services Purchased	1.33	1.22	1.36	1.31	1.25
Promotional Activities	1.35	1.49	1.43	1.32	1.20
Professional Services	.05	.05	.05	.10	.07
Donations	.03	.03	.02	.02	.02
Insurance	.46	.51	.55	.60	.64
Taxes and Licenses (except on income)	.87	.92	.94	.92	.90
Property Rentals	1.69	1.58	1.52	1.49	1.46
Equipment Rentals	.09	.10	.10	.12	.12
Depreciation and Amortization	.89	.84	.82	.85	.86
Repairs	.51	.51	.52	.59	.60
Unclassified	.65	.58	.63	.68	.74
Credits and Allowances	—	—	(-.22)	(-.54)	(-.55)
Total Expenses (including interest)	20,25%	20,10%	20,10%	20,77%	20,59%
Total Credits	7%	7%	6%	7%	7%
Total Expenses (including interest)	20,95%	20,98%	20,31%	20,89%	20,78%
Other Income of Deductions					
Credit for Imputed Interest	.66	.63	.59	.58	.56
Cash Discounts Earned	.56	.62	.60	.58	.58
Other Revenue, Net (including Profit or Loss on Real Estate)	.16	.19	.22	.38	.19
Total Other Income of Deductions	1,38%	1,46%	1,41%	1,54%	1,33%
Total Net Earnings before Income Taxes	1.87	2.03	1.86	1.73	1.57
Total Income Taxes	.88	1.01	.94	.87	.74
Total Net Earnings after Income Taxes	9%	10,02%	9%	8%	8%
Earnings as a Percentage of Net Worth					
After-Tax Earnings	9.20	9.72	9.34	8.88	8.93
Number of Societies	12,25	10,02	11,36	12,51	12,51

This report was prepared by the Legislative Counsel Bureau of the State of California, under the authority of the Legislature. It is published for the information of the public. The data herein are based on the records of the State of California, and are subject to change without notice. The Bureau is not responsible for the accuracy of the information contained herein, and does not warrant the correctness of the same. The Bureau is not a law firm, and does not provide legal advice. The Bureau is not a government agency, and does not represent the State of California. The Bureau is a private organization, and its operations are not subject to the same regulations as those of a government agency. The Bureau is not a public utility, and does not provide public services. The Bureau is not a financial institution, and does not provide financial services. The Bureau is not a health care provider, and does not provide health care services. The Bureau is not a health care provider, and does not provide health care services. The Bureau is not a health care provider, and does not provide health care services.

N.S.I. 7-28-74

Dairy Board Changes Proposed by Governor

Gov. Mike O'Callaghan Saturday said the upcoming Nevada Legislature should consider methods to iron out possible inequities in the Nevada Dairy Commission.

The 1971 Legislature changed the makeup of the nine-member board to bring consumer membership to three. This was done by eliminating one of the two distributor memberships. The remaining makeup was retained at two dairy industry retailers, two producers and one producer-distributor.

The nine-member commission recently voted 5-3 for a price hike on milk in Southern Nevada of four cents a half gallon and two cents a quart. The makeup of the board under state law provides for six members representing the dairy industry and three members representing consumers. Consumer members voted against the recent price hike.

O'Callaghan said, "The dairy industry is entitled to a fair profit. However, the current makeup of the board automatically raises questions among Nevada consumers, even if a price increase is justified."

O'Callaghan recommended the legislature discuss at least three methods to reduce such questions. He said lawmakers should take a look at the makeup of the board. The governor also said consideration should be given to establishing a ceiling on dairy industry price hikes. The law

provides only a floor and retail prices on dairy products cannot be below that level.

O'Callaghan said another method might be to abolish the board. "This would allow dairy product prices to seek their own level, based on what consumers can squeeze out of their pocketbooks," the governor said.

The governor said he is not suggesting the legislature confine discussion to these alternatives and he is confident lawmakers will pursue all possible avenues.

New milk prices in Southern Nevada are scheduled to take effect about mid-September. Meanwhile, a 30-day period is provided to evaluate cost documentations to determine what percentages of the hike go to each of the dairy industry's network—producers, distributors and retailers.



MIKE O'CALLAGHAN
GOVERNOR

LEGISLATIVE COUNSEL BUREAU

STATE OF NEVADA

CONSUMER AFFAIRS DIVISION

ROOM 219 COLLET BUILDING
1111 LAS VEGAS BLVD. SO.
LAS VEGAS, NEVADA 89104
(702) 385-0344

91

REX W. LUNDBERG
COMMISSIONER
LAS VEGAS

JOE LAWLER
DEPUTY COMMISSIONER
CARSON CITY

January 28, 1975

*Evidence
Parts
marked*

Mr. Andrew Grose
Office of Research
Legislative Counsel Bureau
Legislative Building
Carson City, Nevada 89701

RE: Data Concerning Dairy Commission

Dear Mr. Grose:

Enclosed you will find information you requested concerning the activities of the Dairy Commission that our office is aware of. Although the content of the newspaper clippings vary in scope, they basically portray the picture of the role of the Dairy Commission as I see it. The other documents, although not specifically related to an analysis of the Dairy Commission, reveal the frustration of an outside party in attempting to understand the workings of a commission dominated by and benefitting the dairy industry as opposed to the consumer segment of the market.

Although I have had a student intern and research analyst working with me on the milk project, their activities have been directed to the technical side relating to prices, quantities, etc., as opposed to an evaluation of the functioning of this dairy commission.

The majority of materials I have in this office relate to pricing structure, transcripts of public hearings, in-house correspondence, and confidential materials supplied me by the Commission, participants, or other interested parties.

Should you need further clarification or additional data that I may not have included please feel free to call on me and I will cooperate as fully as I am able.

As far as my own opinion is concerned, dissolving the Dairy Commission may not be the best answer as there would need to be regulation of unfair trade practices

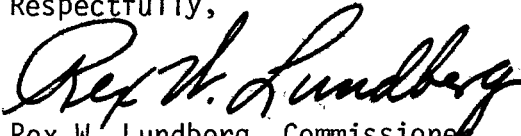
continued.....

*Committee
could
get it*

Mr. Andrew Grose
Office of Research
Legislative Building
Carson City, Nevada 89701
January 28, 1975
Page 2.

within that industry. However as a minimum I would recommend restructuring the composition of the commission to allow for a majority of consumers and a possibility of removing the authority to set prices. The latter has not proved beneficial to the consumer nor has protection of the segments of the industry been established by setting of minimum prices. Again, my cooperation is extended in this and other matters.

Respectfully,


Rex W. Lundberg, Commissioner

RWL:wd
Enclosures

cc: Assemblyman Lloyd Mann
Mike Melner, Director, Department of Commerce

File

Freshman Legislator Picking a

By RUSSELL NIELSEN
CARSON CITY (UPI) — A freshman legislator is picking a fight with the Nevada Dairy Commission.

"It isn't doing the job it was created to do, so it should be abolished," says Lloyd Mann, D-Las Vegas.

He introduced a bill to do just that. It would transfer its duties to a commissioner on food and drugs, and would take away its present power to set minimum prices which stores may charge for milk.

The commission was established by the legislature in 1954. It has been criticized from time to time, along with its executive secretary, Clarence Cassady. Recently, consumers succeeded in getting a representative added to its membership, which also

represents producers, distributors and retailers.

But the criticism has been swelling increasingly in recent months. Consumers complain about the price of milk. The commission pegged its prices according to prices of feed and hay. But when these prices went down recently, the store prices did not.

Mann says the commission was created to protect the small dairyman and the consumer, but has not done this.

"The person who has benefitted is the distributor," Mann said. "He got rich on the back of the consumer and small dairyman."

"Milk prices in Nevada are the highest in the west. California is 11 cents less per half gallon, Utah is 20

cents behind us," he said. "We should go to the free enterprise system and let the price fit the demand."

"Consumers and individuals get ripped off and the distributors get rich," he said. "We should not have a commission setting artificial prices."

Mann said distributors and dairymen "have themselves to blame" for his proposed legislation. He said he would not have introduced his bill if they had "conducted their operations as the legislature intended."

"The biggest problem is Cassady. He has a lack of concern for the consumer," Mann said.

Cassady was not available for

Nevada State Journal

Friday, Jan. 24, 1975—21

Fight With Dairy Commission

comment but two dairymen saw things a bit differently than Mann.

Assemblyman Virgil Getto, R-Fallon, who operates a dairy, said there was some merit to Mann's charges but does not feel the commission should be abolished.

"If it worked right, the commission policies would assure consumers a continuous and adequate supply of milk. They should not have to pay a penny more than necessary," Getto said.

"If the commission were out, it would wipe out a lot of distributors and small dairymen," he said. "It would put us under a federal marketing order, and we'd be like an

ant on a mound. If we had a commission, at least we could take care of Nevada problems in Nevada."

Reno dairyman Barry Brooks agreed distributors and dairy farmers would be hurt if the commission were abolished. He said the state would then operate under a federal marketing order, and milk from

Utah, Colorado and other states would come onto the Nevada market.

"A lot of small dairymen would be forced out of business," he said.

Getto added the milk from other states would appear at the stores to compete with Nevada-produced milk.

"The retailer doesn't care where he gets milk. He makes his percentage," Getto said.

Indian Grant

WASHINGTON (UPI) — The Nevada Inter-Tribal Council has received a grant of \$296,000 from the Department of Health, Education and Welfare, Nevada's congressional delegation reports.

The grant, under the Native American Program, will provide funds for the administrative staff which will be responsible to the needs of the 23 reservations and colonies in the state.

Squaw partly because area's regional sewage program is in effect, but he saw no harmful effects on soil or vegetation, or on the water supply from the lowered water table.

Dairy commission 'fixes prices'

By Ann Eichenburg

R-3 Staff Writer

The Nevada Dairy Commission was accused Wednesday of "price fixing, secrecy and conflict of interest" during a public hearing attended by some 100 persons at the Convention Center.

Charles Levinson, spokesman for Consumers League of Nevada, criticized the Commission procedures; dairy farmers, distributors and retailers asked for higher milk prices and a state agency called for price rollbacks.

Levinson said the Commission, which sets minimum wholesale and retail prices in Nevada, "guarantees profits to producers and distributors and violates the basic economic principles of free enterprise."

Milk prices have gone up 40 per cent in the last year and "even if costs have risen by 40 per cent, basic mathematics and economics would prove that selling prices need not rise by like amount," he said.

Levinson accused the Commission of shrouding its price decisions in secrecy and "refusing to furnish to the citizens of Nevada any information regarding true and actual costs or profits of the dairy industry."

He asked the Commission — a regulatory agency — is "so allied with the milk industry there is an obvious and automatic conflict of interest?"

Sitting on the Commission are three consumers and six farmers, distributors or retailers.

Kenneth Waters, counsel for the Consumer League, moved to disqualify the six industry-connected members who have "a direct vested interest in the increased price of milk."

"You don't ask a lion if he wants more meat in his cage. It is unconstitutional and unfair to allow a Commission made up substantially of producers-distributors-retailers to decide prices," said Waters.

The Commission took Waters' motion under advisement and will rule at its next meeting July 21 in Las Vegas.

Also sidelined was another motion by Waters to cancel the hearing because adequate notice was not given. Waters said his group received a notice but it was vague and did not tell who would apply for price increases.

"We could not examine records, prepare an adequate case against price rises."

The Nevada Dairy Commission does not require testimony to be



CHARLES LEVINSON
...consumer advocate

BRUNO BIASI
...dairymen want more

submitted beforehand and anyone can make proposals during public hearings.

All three segments of the dairy industry requested higher prices Wednesday.

Bruno Biasi, dairy farmer from Bunkerville, said Southern Nevada farmers are under federal orders on prices they get for raw milk and "it fluctuates like a yo-yo." The federal price has dropped sharply since May.

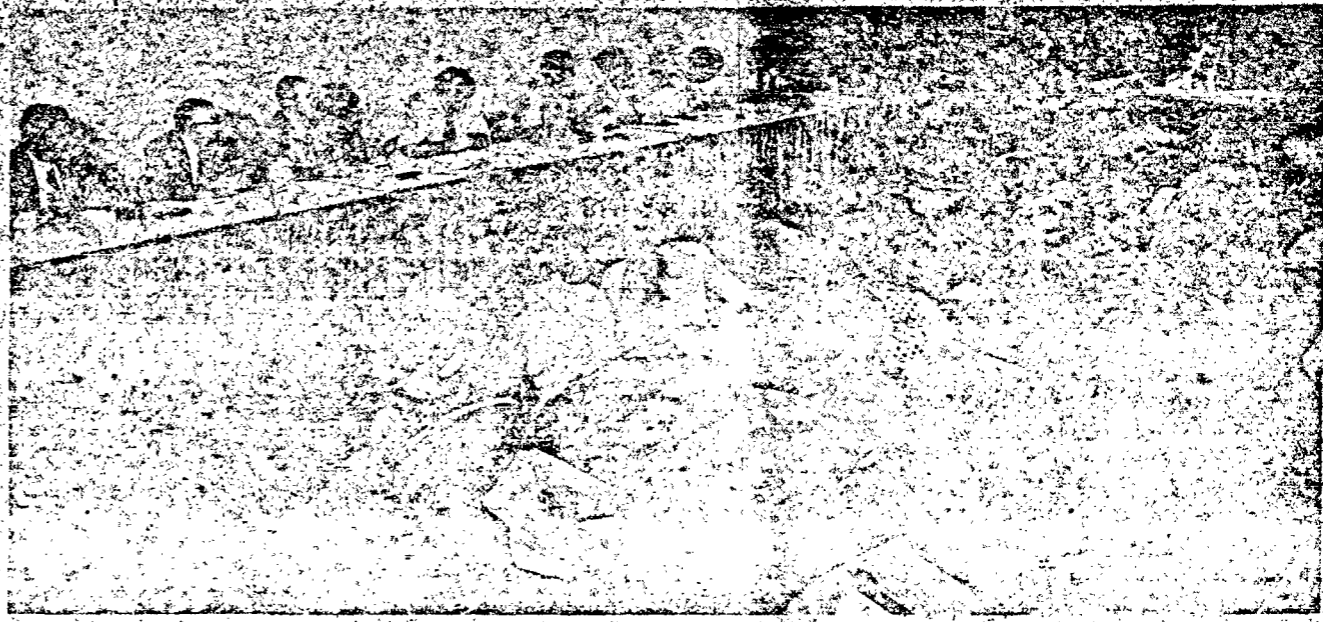
"The prices have gone so low we cannot recover costs, let alone make a profit," he said.

Biasi urged the Commission to decide on a fair price above the federal price, which is a minimum.

He said dairy farmers in other states receive such "premiums" above the federal price.

Asking a price hike for distributors was George E. Mimms, secretary-treasurer of Anderson Dairy. He requested in-store quarts of milk rise from 33 cents to 39 cents, to benefit distributors.

He said milk cartons will cost Anderson Dairy almost one-half cent more on Aug. 2. The dairy wants to pass on one penny a quart to consumers.



HEARINGS POPULAR — Some 100 persons turned out Wednesday as the Nevada Dairy Commission heard proposals to raise the price of

Mimms said distributors need relief from higher costs of labor, taxes, utilities, interest and fuel.

An even greater increase was sought by Jim Prince of Lucky Stores. He called for a markup of 20-21 per cent on retail milk instead of the present 12 per cent.

"The cost of doing business is 19 per cent for an efficient retail store. We would like a 20-21 per cent margin on dairy products. They occupy a very expensive space in the stores."

Prince was asked the cost of operating the market's dairy department and he did not have figures on this. "I do not know the breakdown on how much it costs to sell milk," he said.

Prince also was questioned on the markup of other goods. On canned vegetables, he replied, "I have no idea."

Opposing higher prices was Rex Lundberg, state consumer affairs commissioner.

Lundberg said retail stores and distributors should take price rollbacks.

milk. Consumers questioned dairy industry witnesses during the daylong session.

R-3 photos

He noted stores receive 12 per cent profit on milk but "a net profit of two per cent is considered very good." He suggested three per cent.

The Commissioner said milk sells faster than other items and "I don't think milk should have to subsidize slower moving stock. Milk is essential to consumers."

In urging profit cuts for distributors, Lundberg commented they have an inefficient delivery system which is expensive. He said milk trucks make many stops with small deliveries.

"Distributors should not be asking for increases in one area (to pay for paper cartons) when they are inefficient in another area," he said.

Ralph Reed, Nevada-Arizona director for Knudsen Corp., agreed that the delivery method was inefficient. He suggested stores that take large deliveries be given discounts up to eight per cent to promote efficiency.

Milk Prices

April 1974

In Store Pricing - 3.5% Milk

LEGISLATIVE COUNSEL BUREAU

	Quart		Half Gallon		
	Min.	Max.	Min.	Max.	Average
Las Vegas	.36		.71		
Reno	.355		.705		
Portland	.366	.418	.689	.805	.705
Sacramento	.291	.357	.565	.693	
San Francisco	.2917	.366	.565	.712	
Seattle	.347	.48	.665	.92	
Salem	.358	.41	.643	.78	.735
Los Angeles	.2752	.357	.5343	.693	
Phoenix	.29	.41	.57	.80	
Tucson	.30	.42	.59	.82	
San Diego	.2881	.361	.561	.703	
Barstow	.2824	.377	.548	.732	
Lake Tahoe	.308	.377	.598	.733	

Las Vegas Highest

Out of Core Pricing
Two Percent

LEGISLATIVE COUNSEL BUREAU

	Quart			Half Gallons		
	Min.	Max.	Average	Min.	Max.	Average
Las Vegas	.41	.48		.81	.90	
Reno	.40	.45		.79	.83	
Portland	.37	.51	.39	.74	.97	.76
Sacramento	.35	.68		.68		
San Francisco	.37	.43		.715	.815	
Seattle	.40	.48		.73	.78	
Salem	.39	.43		.72	.79	.77
Los Angeles	.355	.43		.695	.80	
Phoenix	No quarts			.62	.79	.75
Tucson	No quarts			.64	.81	.77
San Diego	.365	.42		.705	.79	
Barstow	.38	.42		.75	.83	
Lake Tahoe	.375	.405		.73	.79	

Las Vegas
Highest

LEGISLATIVE COUNSEL BUREAU

Homog. 3.5%
Out of Store
Quart

Half Gallons

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Sacramento	.35			.68		
San Francisco	.37	.43		.72	.82	
Seattle	.41	.48		.75	.79	
Salem	.41	.47		.74	.82	.80
Los Angeles	.355	.43		.69	.80	
Phoenix	.35	.47	.42	.64	.79	.66
Tucson	.36	.48	.44	.66	.81	.69
San Diego	.365	.41		.71	.79	
Barstow	.38	.42		.74	.82	
Lake Tahoe	.375			.73		

Las Vegas Highest

In Store Pricing - 2% Milk

	Quart		Half Gallon	
	Min.	Max.	Min.	Max.
LA Las Vegas	.36		.71	
[LA] Reno	.355		.705	
OR Portland	.343	.392	.655	.765
CA Sacramento	.291	.357	.567	.695
CA San Francisco	.2901	.364	.5643	.708
WA Seattle	.343	.475	.662	.91
OR Salem	.2752	.357	.5343	.693
CA Los Angeles	.2752	.357	.5343	.693
CA Phoenix	None		.53	.79
CA Tucson	None		.55	.81
CA San Diego	.2865	.359	.5578	.699
CA Barstow	.2824	.377	.5483	.732
CA Lake Tahoe	.314	.377	.612	.734

May 23, 1974

There are indications of a possible movement and lobby against the present Dairy Commission System of regulating minimum prices. The free enterprise system of supply and demand might create a better environment for the consumer due to competition. This would allow the more efficient business to thrive and be an incentive for the marginal business to improve its operation. Although this might be a hardship on the inefficient operator, the concern of the majority (i.e. customer competition) would indicate that competition is the better market system, and to give unfair advantage to one segment of the business community would seem inappropriate particularly where the weaker segment in the bargaining (the producer) is now fully protected by federal preemption.

[The Consumer Affairs Division] recognizes the value of the Dairy Commission in regulating the Dairy Industry but questions the setting of minimum prices, at least for those other elements of the dairy marketing excluding the producer. It is hoped the testimony presented today will help justify to the consumer the prices he has to pay.

LEGISLATIVE COUNSEL BUREAU

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