



ADMINISTRATIVE RULES OF MONTANA



32.24.480 PRODUCER PRICING RULES

- (1) The bureau will use the federal order advanced pricing factors to calculate the producer prices for all classes. Advanced federal order butterfat and skim milk prices are announced on or before the 23rd day of the month and apply to the milk received during the following month. Nothing contained in these rules prohibits the payment of higher prices to producers.
- (2) The minimum Class I price per hundredweight at 3.5% butterfat which must be paid to producers by distributors in the state of Montana, is the monthly federal order price according to 7 CFR 1000.50(a) through (c) plus a Montana Class I location differential of \$2.85.
 - (a) When milk does not test 3.5% butterfat, the price per cwt will be adjusted for each 0.1% the butterfat test moves up or down.
- (3) Prices paid producers for Class II milk will be based on the following price formulas for skim milk and butterfat.
 - (a) Class II Skim Milk Price Formula. The price of the skim milk utilized in Class II will be the Class II skim milk price published in the United States Department of Agriculture Announcement of Advanced Prices and Pricing Factors or its successor publication, converted to units of dollars per pound of skim milk.
 - (b) Class II Butterfat Price Formula. The price of butterfat utilized in Class II will be the Advanced Butterfat Pricing Factor published in the United States Department of Agriculture Announcement of Advanced Prices and Pricing Factors plus \$0.007 per pound of butterfat and in units of dollars per pound of butterfat.
- (4) Prices paid producers for Class III milk will be based on the following price formulas for skim milk and butterfat.
 - (a) Class III Skim Milk Price Formula. The price of the skim milk utilized in Class III will be the lower of the Advanced Class III Skim Milk Pricing Factor or the Advanced Class IV Skim Milk Pricing Factor published in the United States Department of Agriculture Announcement of Advanced Prices and Pricing Factors or its successor publication, converted to units of dollars per pound of skim milk.
 - (b) Class III Butterfat Price Formula. The price of butterfat utilized in Class III will be the Advanced Butterfat Pricing Factor published in the United States Department of Agriculture Announcement of Advanced Prices and Pricing Factors or its successor publication less the Montana Class III Butterfat Price Differential of \$0.10 per pound of butterfat and in units of dollars per pound of butterfat.

- (5) Minimum quota prices and minimum excess prices paid to pool producers are determined by the calculations provided for in ARM 32.24.513. The calculations in ARM 32.24.513 include adjustments to the pool-wide utilization value for surplus sales and for transportation charges for shipments of unprocessed pool milk between pool plants.
- (6) No price established by any formula set forth in this rule may be charged if contrary to any supervening federal or state law, rule, or regulation. Should any minimum prices published by this board under this rule exceed the limitations imposed by such laws, rules, or regulations, such prices must be reduced to the extent of such excess, even though such reduction may impair a uniform or complete application of the price fixing formula, or any of the same, set out in this rule. The prices, as so modified, must be respected and enforced as the minimum prices established under this rule.
- (7) On or before the 23rd day of each month, the bureau will compute prices for Class I, II, and III milk to be paid to producers by pool handlers for milk received from producers during the next calendar month, in accordance with this pricing rule. By the 26th day of each month, the bureau will publish a notice of the Class I, II, and III prices to be paid to producers by pool handlers for milk received from producers during the next calendar month and distribute the notice to each pool producer and pool handler licensed under the Act. The notice must contain the mathematical computations used to calculate the prices. The minimum producer price will be uniform and identical throughout the state of Montana.

Authorizing statute(s): 81-23-104, 81-23-302, MCA

Implementing statute(s): 81-23-102, 81-23-302, MCA

History: NEW, 2017 MAR p. 1151, Eff. 8/1/17; AMD, 2018 MAR p. 1828, Eff. 9/19/18; AMD, 2022 MAR p. 1847, Eff. 9/24/22; AMD, Notice No. 2025-96, Eff. 6/1/25.