

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

SECOND SPECIAL SESSION-2004

Legislative Document

No. 1945

H.P. 1445

House of Representatives, March 30, 2004

An Act To Encourage the Future of Maine's Dairy Industry

Reference to the Committee on Agriculture, Conservation and Forestry suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative PIOTTI of Unity. (GOVERNOR'S BILL)
Cosponsored by Senator BRYANT of Oxford and
Representatives: MILLS of Cornville, PERRY of Bangor, SMITH of Monmouth,
THOMPSON of China, Senators: HATCH of Somerset, STANLEY of Penobscot, President
Pro Tem TREAT of Kennebec, WESTON of Waldo.

2 **Be it enacted by the People of the State of Maine as follows:**

4 **Sec. 1. 7 MRSA §§3153-B and 3153-C** are enacted to read:

6 **§3153-B. Dairy stabilization funding**

8 **1. Tiered price support program.** Beginning July 1, 2004,
10 the administrator of the Maine Milk Pool shall distribute to each
12 milk producer in the State an amount of money that represents the
difference between the target price of milk and the base price of
milk in the previous month, calculated on an annual production
per hundredweight basis as set forth in subsection 3.

14 The Maine Milk Commission shall calculate the target prices at
16 the short-run break-even point using the most recent Maine
18 producer cost-of-production data, as compiled and updated every 3
years by the Maine Milk Commission. The Maine Milk Commission
shall set 3 tiers of target prices to reflect the
cost-of-production study models of small, medium and large farms.

20 **2. Base price calculation.** For purposes of this section,
22 the base price of milk is the Suffolk County, Massachusetts
24 statistical uniform price of milk as determined for each month by
26 the Northeast Market Administrator of the United States
28 Department of Agriculture, plus amounts paid to milk producers in
30 the State that result from premiums established by the Maine Milk
Commission. In calculating the amount to be paid, there must
first be a deduction representing any Federal Government payment
received for the month due to low milk prices. Maine Milk
Commission cost-of-production adjustments may not be considered
premiums when determining the base price.

32 **3. Production total.** For purposes of this section, annual
34 production is the total production in hundredweight for the
36 12-month period commencing June 1st and ending May 31st of each
subsequent calendar year.

38 **4. Repeal; review by joint standing committee.** This
40 section is repealed June 30, 2007. The joint standing committee
42 of the Legislature having jurisdiction over agricultural matters
shall review the tiered price support established under this
section and present its recommendations regarding this section to
the Legislature no later than March 1, 2007.

44 **§3153-C. Milk Income Loss Contract**

46 **1. Milk Income Loss Contract.** The administrator of the
48 Maine Milk Pool shall make payments to those milk producers in
50 the State whose annual production exceeds the limit under the
federal Milk Income Loss Contract but does not exceed an annual

2 production of 5 million pounds. For purposes of this section,
3 "annual production" has the meaning as in section 3153-B,
4 subsection 3. For that volume of production that exceeds the
5 federal cap, a producer will receive an amount per hundredweight
6 equal to the federal Milk Income Loss Contract payment for the
7 applicable month.

8 2. Repeal. This section is repealed June 30, 2007. The
9 joint standing committee of the Legislature having jurisdiction
10 over agricultural matters shall review this section and make
11 recommendations regarding this section to the Legislature no
12 later than March 1, 2007.

13 **Sec. 2. Target prices.** Notwithstanding the Maine Revised
14 Statutes, Title 7, section 3153-B, subsection 1, for the year
15 beginning July 1, 2004 and until the Maine Milk Commission
16 updates the Maine producer cost-of-production data and calculates
17 new target prices, the target prices are as follows:

18 1. For the first 16,790 hundredweight produced per year by
19 each producer, the target price is \$16.18 per hundredweight;

20 2. For production between 16,791 hundredweight and 26,050
21 hundredweight per year, the target price is \$15.59 per
22 hundredweight; and

23 3. For production in excess of 26,050 hundredweight per
24 year, the target price is \$13.12 per hundredweight.

25 **30 Sec. 3. Ad hoc committee.** The Department of Agriculture, Food
26 and Rural Resources shall implement the recommendations of the
27 Governor's Task Force on the Sustainability of the Dairy Industry
28 in Maine. The Commissioner of Agriculture, Food and Rural
29 Resources shall assemble an ad hoc committee of industry
30 representatives to make specific task assignments, establish
31 benchmarks and issue a progress report to the Governor each year
32 no later than October 15th beginning in 2004, with a final report
33 and analysis due in 2007. The Governor shall consider the
34 findings of the report in making funding recommendations to
35 support the dairy industry.

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42 **SUMMARY**

43 **44** This bill creates 2 programs of assistance to support the
45 prices paid to dairy farmers for their milk. The 2 programs are
46 based on the recommendations of the Governor's Task Force on the
47 Sustainability of the Dairy Industry in Maine.
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