

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 842

S.P. 281

In Senate, February 16, 2005

An Act To Prevent Price Gouging and To Stabilize Prices in the Sale of Milk

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

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator MILLS of Somerset.

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

4 **Sec. 1. 7 MRSA §2954-D** is enacted to read:

6 **§2954-D. Price gouging in sale of milk**

8 **1. Sell fluid milk.** A person may not sell or offer to sell fluid milk for an unconscionably excessive price.

10 **2. Investigation.** Whenever the retail price to consumers for Class I milk exceeds twice what is paid to producers of the milk, the commission may investigate to determine whether the price is unconscionably excessive, as described in subsection 2. If the commission finds probable cause to believe that the price is unconscionably excessive, the commission may after notice and hearing make findings and issue orders to prohibit such practices. Any person aggrieved by an order of the commission may appeal to the Superior Court.

20 **3. Unconscionably excessive price.** An unconscionably excessive price is evidenced by:

22 **A. A disparity between the retail price and the producer's price that grossly exceeds a reasonable rate of return;**

26 **B. Significant increases in retail price that are not the result of an increase paid to producers for raw milk and that are not otherwise justified by changes in cost to the dealer or store;**

30 **C. Decreases in prices paid to producers that do not yield corresponding decreases in retail prices for the same milk;**

34 **D. Elevated prices or changes in price that appear to reflect price-fixing or combination activity by 2 or more stores or dealers; or**

38 **E. Elevated prices that appear to result from regional market share dominance by a store or dealer or by a combination of stores or dealers.**

42 **Sec. 2. 7 MRSA §3153-D** is enacted to read:

44 **§3153-D. Dairy stabilization subsidy**

46 **For each month after December 2005, the administrator of the Maine Milk Pool shall distribute on a monthly basis to Maine's dairy farmers a direct subsidy calculated as 50% of the difference between \$17 per hundredweight and the statistical blend price of milk for Suffolk County, Massachusetts as determined for that month by the Northeast Market Administrator**

2 of the United States Department of Agriculture. If the direct
3 subsidy is insufficient to cover the price differential, then the
4 administrator shall prorate the distribution on the basis of each
5 farmer's production for the month. The total subsidy for milk
6 production occurring within a single month may not exceed
7 \$1,000,000.

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10 **SUMMARY**

11 The purpose of this bill is to prevent price gouging in the
12 sale of milk by prohibiting a person from selling fluid milk for
13 an unconscionably excessive price and by allowing the Maine Milk
14 Commission to commence an investigation to determine whether the
15 price is unconscionably excessive. The bill also directs the
16 Maine Milk Pool administrator to distribute a dairy stabilization
subsidy on a monthly basis to Maine's dairy farmers.