

MAINE STATE LEGISLATURE

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1 (New Draft of H.P. 1099, L.D. 1450)

2 FIRST REGULAR SESSION
3

4 ONE HUNDRED AND ELEVENTH LEGISLATURE
5

6 Legislative Document

No. 1754

7
8 H.P. 1323

House of Representatives, June 13, 1983

9 Reported by the Minority from the Committee on Agriculture and printed
10 under Joint Rule 2.

11 Original bill presented by Representative Hall of Sangerville. Cosponsored
by Senator Bustin of Kennebec, Representative Dillenback of Cumberland and
Representative McGowan of Pittsfield.

EDWIN H. PERT, Clerk

12
13 STATE OF MAINE
14

15 IN THE YEAR OF OUR LORD
16 NINETEEN HUNDRED AND EIGHTY-THREE
17

18 AN ACT Creating a Maine Milk Pool.
19

20 Be it enacted by the People of the State of Maine as
21 follows:

22 Sec. 1. 7 MRSA §2954, sub-§6, as repealed and
23 replaced by PL 1975, c. 517, §3, is repealed and the
24 following enacted in its place:

25 6. Schedule of maximum transportation allow-
26 ances; adjustments. The commission may annually
27 establish a schedule of maximum transportation allow-
28 ances which may be charged by any Maine dealer for
29 hauling milk from a producer's farm to the dealer's
30 dairy plant. The commission shall base its schedule
31 on the recommendations of the commissioner pursuant
32 to section 3157 and shall conduct hearings prior to
33 establishing that schedule. Any dealer may petition
34 the commission at any time to approve a proposed ad-

1 justment in that schedule of transportation charges
2 for that dealer. The burden shall be on the dealer
3 to substantiate the need and reasonableness of such a
4 proposed adjustment, and in the absence of evidence,
5 the proposed adjustments shall be denied.

6 Sec. 2. 7 MRSA §2954, sub-§9 is enacted to read:

7 9. Minimum wholesale prices to producers. Not-
8 withstanding any other provisions of this chapter,
9 minimum wholesale prices to producers shall be sub-
10 ject to the provisions of chapter 611.

11 Sec. 3. 7 MRSA §2956, 3rd ¶ from the end, as
12 amended by PL 1981, c. 481, §1, is further amended
13 to read:

14 Each licensed dealer shall pay to the commission
15 an annual license fee of \$1 and the sum of 5¢ 6 1/2¢
16 per hundredweight as monthly payments, based on quan-
17 tity of milk purchased or produced in any market
18 area, or purchased or produced in an uncontrolled
19 area and sold in any market area. Two and one-half
20 cents per hundredweight may be deducted by dealers
21 from amounts paid by them to producers of such milk,
22 except that the milk farm-processed into cream for
23 the manufacture of butter shall not be subject to
24 such sums of 5¢ 6 1/2¢ per hundredweight. Of the
25 amount paid by each dealer, 1 1/2¢ per hundredweight
26 shall be paid by the commission to the Maine Dairy
27 and Nutrition Council for the purposes authorized by
28 Title 36, section 4521.

29 Sec. 4. 7 MRSA c. 611 is enacted to read:

30 CHAPTER 611

31 MILK POOLING

32 §3151. Legislative Findings and Intent

33 The Legislature finds that among Maine's dairy
34 farmers, prices received for milk differ substan-
35 tially, and that these differences arise in part from
36 a dual marketing system whereby approximately 1/2 the
37 milk produced in Maine is marketed in Maine subject
38 to the price control authority of the Maine Milk Com-

1 mission, Maine market, while the other 1/2 is mar-
2 keted to handlers selling in southern New England,
3 commonly known as the Boston market, subject to the
4 price regulations of the New England Milk Marketing
5 Order, Federal Milk Order No. 1.

6 The Legislature finds that under this dual sys-
7 tem, producers selling on the Maine market receive a
8 significantly higher price for their milk than do
9 their Boston market counterparts; that, in terms of
10 net income after operating costs, producers on the
11 Maine market receive, on the average, 50% more than
12 their Boston market counterparts of equal size; that
13 the lower net returns received by producers selling
14 on the Boston market seriously limits their ability
15 to withstand cost fluctuations caused by
16 unpredictable increases in costs of fuel, credit,
17 feed and other input costs or price fluctuations
18 resulting from changing milk price support policies,
19 all of which are largely controlled by national and
20 international policies and other events beyond their
21 control; that this relative vulnerability engenders
22 an instability in the present marketing system
23 resulting in a destructive competition for higher
24 priced markets; that this instability has recently
25 been aggravated by the introduction of store-brand
26 milk in Maine markets; that the result is a serious
27 threat not only to the viability of these Boston
28 market farms but also to the Maine dairy industry as
29 a whole; and that the loss of these dairy farms would
30 seriously erode Maine's agricultural base.

31 The Legislature finds that the higher prices paid
32 to Maine milk producers selling on the Maine market
33 result from the state and federal regulatory frame-
34 work of the milk industry, as well as from actual
35 cost differences which would exist independent of any
36 regulatory framework. Specifically, higher prices on
37 the Maine market are found to derive from cost
38 savings realized by the Maine market producers in
39 transporting milk to local markets, and from a com-
40 paratively higher fluid milk, Class I, utilization
41 rate. Whereas, this favorable utilization rate is
42 made possible by the presence of 2 independently
43 regulated markets which allow the sale of excess
44 Maine production on the Boston market, with the
45 result that such excess is excluded from the calcula-

1 tion of utilization rates on the Maine market, the
2 Legislature finds that the resulting price difference
3 is in the nature of an economic benefit which has
4 arbitrarily accrued to Maine market producers over
5 Boston market producers.

6 The Legislature finds that it is in the best
7 interest of the Maine dairy industry and the well-
8 being of the State as a whole to adjust prices paid
9 to Maine milk producers to redistribute this benefit
10 among Maine milk producers in both markets. In so
11 doing, it is the intention of the Legislature to
12 eliminate those differences attributable to the
13 higher utilization rates which are a product of the 2
14 regulated markets.

15 §3152. Definitions

16 As used in this chapter, unless the context indi-
17 cates otherwise, the following words have the follow-
18 ing meanings.

19 1. Blend price. "Blend price" means the price
20 of milk per hundredweight computed as the sum of the
21 Class I price multiplied by the percentage of milk
22 sold as Class I milk and the Class II price multi-
23 plied by the percentage sold as Class II milk.

24 2. Boston market dealer. "Boston market dealer"
25 means any dealer as defined in subsection 4 who pur-
26 chases milk from producers subject to the price regu-
27 lations of the New England Milk Marketing Order.

28 3. Boston market producer. "Boston market pro-
29 ducer" means any Maine milk producer selling to a
30 dealer marketing milk subject to the New England Milk
31 Marketing Order, or any agricultural cooperative that
32 buys milk from or handles milk for such a producer
33 and sells it to such a dealer.

34 4. Dealer. "Dealer" means any person or entity
35 who purchases or receives milk from a producer within
36 the State for processing and sale within or outside
37 of the State. A producer-dealer shall be deemed a
38 dealer only with respect to milk purchased from other
39 producers.

1 5. Maine market dealer. "Maine market dealer"
2 means any dealer as defined in subsection 4 who sells
3 milk subject to the price control authority of the
4 Maine Milk Commission.

5 6. Maine market producer. "Maine market pro-
6 ducer" means any Maine milk producer, excepting those
7 located in Aroostook County and Washington County,
8 and that portion of Penobscot County north of and
9 including the minor civil divisions of Medway, T.A.R.
10 7 and Long A T.W.P. selling to a dealer marketing
11 milk on the Maine market, or any agricultural
12 cooperative that buys milk or handles milk for such a
13 producer and sells it to such a dealer.

14 7. Maine Milk Pool. "Maine Milk Pool" means the
15 sum of collections as prescribed in section 3153,
16 from Maine market producers, excepting those located
17 in Aroostook County and Washington County, and that
18 portion of Penobscot County north of and including
19 the minor civil divisions of Medway, T.A.R. 7 and
20 Long A T.W.P.

21 8. Northern Maine market producer. "Northern
22 Maine market producer" means any Maine milk producer
23 located in Aroostook County and Washington County,
24 and that portion of Penobscot County north of and
25 including the minor civil divisions of Medway, T.A.R.
26 7 and Long A T.W.P. selling to a dealer marketing
27 milk on the Maine market, or any agricultural
28 cooperative that buys milk or handles milk for such a
29 producer and sells it to such a dealer.

30 9. Northern Maine Milk Pool. "Northern Maine
31 Milk Pool" means the sum of collections as prescribed
32 by section 3154 from Maine market producers located
33 in Aroostook County and Washington County, and that
34 portion of Penobscot County north of and including
35 the minor civil divisions of Medway, T.A.R. 7 and
36 Long A T.W.P.

37 10. Plant price. "Plant price" means the F.O.B.
38 price paid for milk at a milk processing plant,
39 unless milk received at that plant is first collected
40 at a federal order bulk reload station as defined by
41 Part 1001 Federal Milk Order No. 1 in which case the
42 plant price shall mean the price paid for milk at the

1 reload station after deductions for subsequent trans-
2 portation.

3 11. Producer-dealer. "Producer-dealer" means a
4 dealer who himself produces a part or all of his milk
5 or a person who produces milk and sells to a grocery
6 store or dairy products store or similar commercial
7 establishment, and shall include an agricultural
8 cooperative comprised solely of dairy farmers that
9 wholly owns and operates its processing facilities,
10 and whose individual members hold a share of that
11 ownership which is in direct proportion to that
12 individual's share of all milk produced by
13 cooperative members for the cooperative.

14 12. Utilization rate. "Utilization rate" means
15 the percentage of milk produced which is utilized as
16 Class I or fluid milk.

17 §3153. Maine Milk Pool

18 1. Establishment. Within 180 days after the
19 effective date of this chapter, the commissioner
20 shall promulgate rules establishing a fund to be
21 known as the "Maine Milk Pool," to which all moneys
22 collected from Maine dealers pursuant to subsections
23 2 and 3 shall be credited. These funds shall be
24 redistributed to eligible Maine market producers and
25 eligible Boston market producers according to proce-
26 dures established under subsection 4.

27 2. Collections from dealers. Collections from
28 dealers shall be made as follows.

29 A. Effective June 1, 1984, each Maine market
30 dealer shall, on a monthly basis, calculate for
31 its Maine market producers the amount of payment
32 that would be payable to its Maine market pro-
33 ducers at that dealer's utilization rate, and the
34 amount of payment that would be due its Maine
35 market producers at the applicable utilization
36 rate for the New England Milk Marketing Order.
37 Each Maine market dealer shall make an initial
38 payment to its Maine market producers according
39 to the blend price calculated using the Federal
40 Milk Order utilization rate, but shall comply in
41 all other respects with chapter 603 . Any addi-

1 tional payment that would be due its Maine market
2 producers pursuant to that dealer's applicable
3 utilization rate shall be made to the Maine Milk
4 Pool. The commissioner shall adopt by rule such
5 procedures as are necessary to implement this
6 section.

7 B. For any month in which the amount of money
8 payable to producers at a dealer's utilization
9 rate would be less than the amount of money pay-
10 able to that dealer's producers based upon the
11 Boston market utilization rate, the dealer may
12 deduct the difference from his next month's ini-
13 tial payment to producers. Upon the termination
14 of their business relationship, producers shall
15 be liable to dealers for all sums advanced under
16 this paragraph which have not been recouped by
17 way of deduction.

18 3. Additional collections for promotion. Effec-
19 tive June 1, 1984, each producer-dealer shall on a
20 monthly basis pay to the Maine Milk Pool a promotion
21 fee equal to .6 of 1% for a period of one year ending
22 May 31, 1985, and .8 of 1% thereafter of the average
23 Class I price per hundredweight for milk of 3.5% but-
24 terfat content, as established by the Maine Milk Com-
25 mission during the preceding calendar year, rounded
26 to the nearest 1/10 of 1¢ applied to all milk pro-
27 duced by the producer-dealer. This promotion fee
28 shall be credited to the Maine Dairy Promotion Board,
29 except that 1.5¢ per hundredweight for the first
30 year and 2¢ per hundredweight thereafter shall be
31 paid by the board to the Maine Dairy and Nutrition
32 Council. This promotion fee shall also be paid to
33 the Maine Milk Pool by Maine market dealers on all
34 milk imported for sale within the State and such sums
35 shall be credited in the same manner.

36 4. Redistribution of pool. The commissioner
37 shall, by rule, adopt such procedures as are neces-
38 sary to redistribute the Maine Milk Pool on an equal
39 basis to all Maine market and Boston market pro-
40 ducers, excepting:

41 A. Boston market producers located in Aroostook
42 County and Washington County, and that portion of
43 Penobscot County north of and including the minor

1 civil divisions of Medway, T.A.R. 7 and Long A
2 T.W.P., shall not be considered in the calcula-
3 tions for redistributing of the pool, and shall
4 not receive payments from the pool; and

5 B. If any Boston market producer receives a
6 plant price, excluding deductions or additions
7 imposed by the so-called Louisville Plan as de-
8 finied by Part 1001 Federal Milk Order No. 1
9 Section 1001.61, Subsections c and d, or any
10 amendment thereto, or imposed by any other
11 seasonal balancing plan subsequently adopted by
12 Federal Order No. 1, which is an amount greater
13 than the amount initially payable to Maine market
14 producers under subsection 2, the commissioner
15 shall credit that additional amount against the
16 redistribution from the Maine Milk Pool to which
17 that producer would otherwise be entitled in
18 order to avoid potential inequities arising from
19 equal redistribution.

20 Should the commissioner determine that payments
21 from the pool will be made to dairies, cooperatives
22 or some other entity as a representative of pro-
23 ducers, then the dairy, cooperative or other repre-
24 sentative shall pay to the producer the amount owed
25 to that producer within such time period as shall be
26 determined by the procedures established by rule
27 under this section.

28 §3154. Northern Maine Milk Pool

29 1. Establishment. Within 180 days after the
30 effective date of this chapter, the commissioner
31 shall promulgate rules establishing a fund to be
32 known as the Northern Maine Milk Pool to which all
33 moneys collected from Maine dealers pursuant to sub-
34 section 2 shall be credited. The funds shall be
35 redistributed to eligible northern Maine market pro-
36 ducers and eligible Boston market producers according
37 to procedures defined by subsection 3.

38 2. Collections from dealers. Collections from
39 dealers shall be made as follows.

40 A. Effective June 1, 1984, each Maine market
41 dealer shall, on a monthly basis, calculate for

1 its northern Maine market producers the amount of
2 payment that would be payable to its northern
3 Maine market producers at that dealer's utiliza-
4 tion rate, and the amount of payment that would
5 be due its northern Maine market producers at the
6 applicable utilization rate for the New England
7 Milk Marketing Order. Each Maine market dealer
8 shall make an initial payment to its northern
9 Maine market producers according to the blend
10 price calculated using the Federal Milk Order
11 utilization rate but shall comply in all other
12 respects with chapter 603. Any additional pay-
13 ment that would be due its northern Maine market
14 producers pursuant to that dealer's applicable
15 utilization rate shall be made to the Northern
16 Maine Milk Pool. The commissioner shall adopt by
17 rule such procedures as are necessary to imple-
18 ment this section.

19 B. For any month in which the amount of money
20 payable to producers at a dealer's utilization
21 rate would be less than the amount of money pay-
22 able to that dealer's producers based upon the
23 Boston market utilization rate, the dealer may
24 deduct the difference from his next month's ini-
25 tial payment to producers. Upon the termination
26 of their business relationship, producers shall
27 be liable to dealers for all sums advanced under
28 this paragraph which have not been recouped by
29 way of deduction.

30 3. Redistribution of pool. The commissioner
31 shall, by rule, adopt such procedures as are neces-
32 sary to redistribute the Northern Maine Milk Pool on
33 an equal basis to all eligible producers, located in
34 Aroostook County and Washington County, and that por-
35 tion of Penobscot County north of and including the
36 minor civil divisions of Medway, T.A.R. 7 and Long A
37 T.W.P.

38 Should the commissioner determine that payments
39 from the pool will be made to dairies, cooperatives
40 or some other entity as a representative of pro-
41 ducers, then the dairy, cooperative or other repre-
42 sentative shall pay to the producer the amount owed
43 to that producer within such time period as shall be
44 determined by the procedures established by rule
45 under this section.

1 §3155. Administration

2 1. Authority of commissioner. The commissioner
3 may enter into agreement with the Maine Milk Commis-
4 sion or other state agency for administering the
5 provisions of this chapter, and may employ such staff
6 and services as may be necessary.

7 2. Deductions. Prior to the redistribution of
8 the pools as provided in section 3153 and section
9 3154, the commissioner shall deduct the following:

10 A. Amounts sufficient to cover the costs of ad-
11 ministering this chapter. Those amounts shall be
12 determined annually and shall be adopted by rule
13 by the commissioner;

14 B. Amounts paid to the Maine Dairy Promotion
15 Board for the purposes authorized by Title 36,
16 section 4501, equal to .6 of 1% for one year
17 beginning June 1, 1984, and ending May 31, 1985,
18 and .8 of 1% thereafter of the average Class I
19 price per hundredweight for milk of 3.5% butter-
20 fat content, as established by the Maine Milk
21 Commission during the preceding calendar year,
22 rounded to the nearest 1/10 of 1¢, applied to all
23 milk produced, purchased or imported for sale
24 within the State, excluding milk consumed on the
25 farm where produced. Of the amount credited to
26 the Maine Dairy Promotion Board, 1.5¢ per hund-
27 redweight for the first year after the establish-
28 ment of the pools and 2¢ per hundredweight there-
29 after shall be paid by the board to the Maine
30 Dairy and Nutrition Council; and

31 3. Records and information. The commissioner
32 may receive and utilize such reports and other infor-
33 mation from any dealer as furnished to the Maine Milk
34 Commission pursuant to section 2956 for the purpose
35 of administering this chapter. The commissioner may
36 also require any dealer purchasing milk from pro-

1 ducers who may be eligible for participation in the
2 milk pools to furnish directly such reports and other
3 information as may be necessary to determine the eli-
4 gibility of those producers and the extent of their
5 participation.

6 In the event that information requested is not
7 adequately provided by any dealer, the commissioner
8 may require producers who may be eligible for parti-
9 cipation in the milk pools to furnish such reports
10 and other information as may be necessary to deter-
11 mine their eligibility and the extent of their parti-
12 cipation.

13 The cost of obtaining information required to
14 determine eligibility and extent of participation
15 shall be shared by all producers as provided in sub-
16 section 2, except that added costs incurred in
17 obtaining information directly from a producer whose
18 dealer does not furnish that information shall be
19 assessed to that producer.

20 The commissioner shall prescribe by rule the
21 form, content and time for filing of any reports
22 which may be required under this section. All
23 reports shall be subject to audit.

24 §3156. Penalties

25 Any person who fails to furnish reports required
26 by the commissioner pursuant to section 3155 in a
27 timely fashion shall be subject to the following
28 civil penalties, to be collected by the commissioner
29 in a civil action:

30 1. First violation. For the first violation, a
31 civil penalty not to exceed \$100; and

32 2. Subsequent violation. For each subsequent
33 violation within one year of the first violation, a
34 civil penalty not to exceed \$500.

35 Persons who violate any other rules promulgated
36 under this chapter shall be subject to a civil pen-
37 alty not to exceed \$100 to be collected by the com-
38 missioner in a civil action. All penalties collected
39 by the commissioner shall be paid to the Treasurer of
40 State for deposit to the General Fund.

1 §3157. Transportation allowances

2 The commissioner shall annually conduct a study
3 investigating the costs of transporting milk from
4 producers' farms to dairy processing plants and shall
5 examine existing and practicably achievable cost
6 efficiencies by market areas as defined by the Maine
7 Milk Commission pursuant to section 2951, subsection
8 5. Based upon that study, the commissioner shall
9 annually recommend a schedule of maximum allowable
10 transportation charges to the Maine Milk Commission.

11 Sec. 5. 36 MRSA §4503, as repealed and replaced
12 by PL 1979, c. 452, §2, is repealed and the following
13 enacted in its place:

14 §4503. Maine Dairy Promotion Board

15 There is established the Maine Dairy Promotion
16 Board, consisting of the following 5 members: The
17 Commissioner of Agriculture, Food and Rural Resources
18 or his designee, who shall serve ex officio, and 4
19 producers.

20 The producer members shall be appointed by the
21 commissioner on recommendation of the various pro-
22 ducer associations, individuals or unorganized groups
23 of producers in the State. The 4 producer members
24 shall include 2 producers selling milk on the Maine
25 market and 2 producers selling milk on the Boston
26 market, Federal Milk Marketing Order No. 1. Producer
27 members selling in the same market shall not belong
28 to the same agricultural cooperative or sell their
29 milk to the same dealer.

30 The first 4 members appointed to the board as
31 reconstituted in this section shall serve one-year,
32 2-year, 3-year and 4-year terms respectively. The
33 members appointed thereafter shall serve 4-year
34 terms. No person may be appointed to consecutive
35 4-year terms. In case of a vacancy caused by death,
36 resignation or otherwise, the vacancy shall be filled
37 by the commissioner for the unexpired period of the
38 term.

39 The appointed members shall be allowed actual
40 traveling and other necessary expenses incurred in

1 the performance of their duties and each member shall
2 receive a per diem compensation for the time actually
3 spent in the performance of his duties. This compen-
4 sation shall be determined by the Governor.

5 The members of the board shall elect a chairman.
6 The commissioner may employ a director and such
7 clerks and assistants as he may deem necessary and
8 may prescribe their duties and fix their compensa-
9 tion, subject to the Personnel Law.

10 Sec. 6. 36 MRSA §4503-A is enacted to read:

11 §4503-A. Powers and duties

12 The board may:

13 1. Contracts. Make contracts or enter into con-
14 tracts with any local, state, federal or private
15 agency, department, firm, corporation or association
16 for the purposes defined in this chapter;

17 2. Cooperation with other agencies. Cooperate
18 with other state or regional agencies with like pur-
19 poses, including transferring to those agencies any
20 portion of its receipts that it deems appropriate and
21 in the best interests of the dairy industry in Maine.
22 In determining those amounts, the board shall con-
23 sider the relative benefits accruing to all Maine
24 producers from increased fluid milk consumption
25 within the Maine market and the New England market,
26 Federal Milk Marketing Order No. 1; the relative
27 effectiveness of the various programs intended to
28 increase fluid milk consumption for which funding is
29 being considered; appropriate research needs; and
30 other considerations pertinent to the distribution of
31 its funds to other agencies for cooperative efforts;

32 3. Books and records. Keep books, records and
33 accounts of all its activities, which shall be open
34 to inspection and audit by the State at all times;

35 4. Annual report. Prepare an annual report
36 which shall include a summary of all receipts and
37 expenditures, including expenditures for specific
38 promotional or research programs; a description of
39 the various promotional or research programs oper-

1 ated, contracted or sponsored by the board; and a
2 directory of current board members, including their
3 affiliation and term of office; and

4 5. Outside funding. Accept grants, donations
5 and gifts of funds for purposes defined in this chap-
6 ter.

7 Sec. 7. 36 MRSA §4505, as repealed and replaced
8 by PL 1979, c. 452, §3, is repealed.

9 Sec. 8. 36 MRSA §4506, as repealed and replaced
10 by PL 1979, c. 452, §4, is repealed.

11 Sec. 9. 36 MRSA §4507, as amended by PL 1979, c.
12 452, §5, is repealed.

13 Sec. 10. 36 MRSA §4509, as repealed and replaced
14 by PL 1981, c. 698, §185, is repealed.

15 Sec. 11. 36 MRSA §4510, as repealed and replaced
16 by PL 1981, c. 364, §52, is repealed.

17 Sec. 12. 36 MRSA §4512, as repealed and replaced
18 by PL 1981, c. 364, §53, is repealed.

19 Sec. 13. 36 MRSA §4523, as amended by PL 1977,
20 c. 564, §133, is repealed and the following enacted
21 in its place:

22 §4523. Organization

23 The Maine Dairy and Nutrition Council, as estab-
24 lished within the Department of Agriculture, Food and
25 Rural Resources, shall consist of the following 5
26 members: Four producers and one dealer to be
27 appointed by the Commissioner of Agriculture, Food
28 and Rural Resources on recommendation of the various
29 producer and dealer associations, individuals or
30 unorganized groups of producers and dealers in this
31 State.

32 The 4 producer members shall include 2 members
33 selling milk on the Maine market and 2 members
34 selling milk on the Boston market, Federal Milk
35 Market Order No. 1. Producer members selling in the
36 same market shall not belong to the same agricultural
37 cooperative or sell their milk to the same dealer.

1 The first 4 members appointed to the council as
2 reconstituted in this section shall serve one-year,
3 2-year, 3-year and 4-year terms respectively. All
4 subsequent appointments to the council as reconsti-
5 tuted in this section shall be for a 4-year term.
6 No person may be appointed to consecutive 4-year
7 terms. In case of a vacancy caused by death, resig-
8 nation or otherwise, the vacancy shall be filled by
9 the commissioner for the unexpired period of the
10 term.

11 The members of the council shall elect a chair-
12 man. The commissioner may employ such personnel for
13 the council as he deems necessary, subject to the
14 Personnel Law.

15 Members of the council shall be allowed actual
16 traveling and other necessary expenses incurred in
17 the performance of their duties and each member shall
18 receive a per diem compensation for the time actually
19 spent in the performance of his duties, that compen-
20 sation to be determined by the Governor. The cost of
21 administration of the council, including expenses and
22 compensation of members, shall not exceed the moneys
23 collected under this chapter. The council shall be
24 furnished a suitable office in the State Capitol
25 together with all necessary equipment and supplies
26 therefor.

27 Sec. 14. 36 MRSA §4524 and 4525, as enacted by
28 PL 1975, c. 444, §6, are repealed.

29 Sec. 15. 36 MRSA §4526, as amended by PL 1977,
30 c. 694, §715, is repealed.

31 Sec. 16. 36 MRSA §4528, as amended by PL 1981,
32 c. 364, §54, is repealed.

33 Sec. 17. 36 MRSA §4529, as repealed and replaced
34 by PL 1981, c. 364, §55, is repealed.

35 Sec. 18. 36 MRSA §4530, as amended by PL 1979,
36 c. 541, Pt. A §226, is repealed.

37 Sec. 19. 36 MRSA §4531, as repealed and replaced
38 by PL 1981, c. 364, §56, is repealed.

1 Sec. 20. Transition clause. For a period of one
2 year beginning June 1, 1984, and ending May 31, 1985,
3 payments made into the Maine Milk Pool and the North-
4 ern Maine Milk Pool, as provided for in this Act,
5 shall be calculated as follows:

6 1. The actual amounts paid to the Maine Milk
7 Pool shall be 1/2 the amount provided for in Title 7,
8 section 3153, and initial payments to Maine market
9 producers provided for in that section shall be
10 increased by the amount paid to the Maine Milk Pool
11 under these transition provisions; and

12 2. The actual amounts paid to the Northern Maine
13 Milk Pool shall be 1/2 the amounts provided in Title
14 7, section 3154, and initial payments to northern
15 Maine market producers provided for in that section
16 shall be increased by the amount paid to the Northern
17 Maine Milk Pool under these transition provisions.

18 Sec. 21. Effective date. Sections 7 to 12 and
19 sections 14 to 19 shall become effective June 1,
20 1984.

21 STATEMENT OF FACT

22 The present system for marketing Maine milk cre-
23 ates an artificial discrepancy in prices received by
24 Maine milk producers, whereby those selling to deal-
25 ers marketing within Maine subject to the price con-
26 trol authority of the Maine Milk Commission receive
27 higher prices than those selling to dealers marketing
28 milk outside the State and subject to the price regu-
29 lations of the New England Federal Milk Marketing
30 Order. This dual marketing system also has contrib-
31 uted to problems in the collection and use of milk
32 promotion moneys.

33 The purpose of this new draft is to adjust prices
34 paid to Maine milk producers to eliminate the portion
35 of the higher price enjoyed by the Maine market due
36 solely to the favorable utilization rate of the Maine
37 market, a benefit made possible by the presence of
38 the Boston market. At the same time, the new draft
39 will retain such price differences as may be enjoyed
40 by the Maine market producers due to their proximity

1 to market. The new draft also provides for a more
2 equitable and efficient system to collect milk pro-
3 motion funds and allocate them between the 2 markets.

4 Section 1 of this new draft creates a Maine Milk
5 Pool and a Northern Maine Milk Pool as a means of
6 redistributing the higher returns received by Maine
7 market producers. The Northern Maine Milk Pool would
8 cover Aroostook, Washington and Northern Penobscot
9 counties. The portion of the higher returns gener-
10 ated by the Maine market's higher Class I milk util-
11 ization rate would be deposited in these pools and be
12 shared with producers selling to out-of-state
13 markets, according to rules adopted by the Commis-
14 sioner of Agriculture, Food and Rural Resources.
15 Section 1 further provides that administrative costs
16 be deducted from the pool, authorizes the commis-
17 sioner to require by rule necessary records and
18 information from producers or dealers and provides
19 for civil penalties for violations of rules and
20 procedures established pursuant to this new draft.

21 Section 1, together with sections 4 through 12,
22 provides for an increase in milk promotion fees to be
23 deducted from the Maine Milk Pool and administered by
24 a redefined and redirected Maine Dairy Promotion
25 Board. The new board is to be composed of 4 milk
26 producers equally divided between Maine market and
27 New England market producers, with no 2 members in
28 the same market selling to the same agricultural
29 cooperative or dealer. The bill also provides for
30 similar changes in the membership of the Maine Dairy
31 and Nutrition Council in section 13.

32 Section 1 also requires the Commissioner of Agri-
33 culture, Food and Rural Resources to conduct an
34 annual study of milk hauling charges and recommend a
35 schedule of maximum allowable charges to the Maine
36 Milk Commission. Section 2 requires the commission
37 to establish annually a schedule of maximum trans-
38 portation allowances based on these recommendations.

39 Section 20 provides for a 2-year transitional
40 period for establishing this program. In the first
41 year, payments into the pools and payments from the
42 pools would amount to 50% of those payments in subse-
43 quent years. Increases in promotional fees are also
44 phased in over a 2-year period.

1 Section 21 provides that those sections which
2 repeal existing promotion tax statutes are effective
3 simultaneously with the implementation of the milk
4 pools.

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