

# MAINE STATE LEGISLATURE

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L.D. 431

(Filing No. H- 7 )

STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
112TH LEGISLATURE  
FIRST REGULAR SESSION

HOUSE AMENDMENT "A" to H.P. 320, L.D. 431,  
Bill, "AN ACT to Eliminate Volume Determined Delivery  
Prices of Milk."

Amend the Bill by striking out everything after  
the enacting clause and before the emergency clause  
and inserting in its place the following:

'Sec. 1. 7 MRSA §2954, sub-§10 is enacted to  
read:

10. Additional considerations in establishing  
prices. In establishing and changing minimum whole-  
sale and retail prices, in addition to the considera-  
tions set out in subsection 2, the commission:

A. Shall consider the effect of possible pricing  
decisions on the ability of the Maine dairy in-  
dustry to compete in supplying milk to Maine con-  
sumers and, in such consideration, shall include  
the following factors:

(1) The strength and viability of the Maine  
dairy industry as a whole;

(2) The extent of any social or economic  
benefits of maintaining dairy processing  
plants in different geographic regions or  
natural marketing areas of the State; and

(3) The encouragement of consumption by  
Maine consumers of milk produced and pro-  
cessed within the State, consistent with the  
Constitution of Maine and the United States  
Constitution; and

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1           B. Shall not set different minimum wholesale  
2           prices for different retail delivery volumes of  
3           milk.

4           Sec. 2. 7 MRSA §2954-B is enacted to read:

5           §2954-B. Study of milk price regulatory options

6           1. Study commission. The Legislature directs  
7           that a study be undertaken as outlined in this sec-  
8           tion for the purpose of analyzing the situation of  
9           the Maine dairy industry under current milk pricing  
10           legislation and of analyzing the options for ensuring  
11           the long-term stability of the industry. The Commis-  
12           sioner of Agriculture, Food and Rural Resources shall  
13           provide for a study of the intent, regulatory ap-  
14           proach and economic consequences of various milk  
15           pricing programs in Maine, including the Maine Milk  
16           Commission, Maine Milk Pool and the destructive com-  
17           petition laws, and of other potential mechanisms for  
18           pricing regulation, including, without limitation,  
19           minimum pricing at the producer level only, minimum  
20           wholesale pricing that reflects various costs of dis-  
21           tribution, prohibiting below-cost pricing, establish-  
22           ing presumptive pricing and elimination of state  
23           pricing regulations.

24           2. Basis for evaluation. The study shall, at a  
25           minimum, evaluate existing and alternative pricing  
26           mechanisms in terms of their ability to:

27           A. Stabilize dairy farmer incomes and assure  
28           that Maine farmers benefit to the greatest extent  
29           possible from the higher proportion of fluid milk  
30           processed and sold in Maine;

31           B. Maintain dairies in Maine which process fluid  
32           milk for Maine consumption; and

33           C. Encourage efficient farm and processor opera-  
34           tions which provide consumers high quality,  
35           low-cost milk and milk products.

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1           3. Report content. The study's findings and  
2 conclusions shall be expressed in a final report  
3 which shall discuss the merits of each of the exist-  
4 ing and alternative pricing mechanisms reviewed in  
5 terms of each of the objectives established in sub-  
6 section 2, and shall outline the long-term changes in  
7 the dairy industry which might reasonably be expected  
8 to occur as a result of continuance or establishment  
9 of each of these alternatives.

10           4. Study panel. The study shall be carried out  
11 by a panel of recognized experts in the economics of  
12 regulation and pricing. This panel shall be named by  
13 the Commissioner of Agriculture, Food and Rural Re-  
14 sources after consultation with the joint standing  
15 committee of the Legislature having jurisdiction over  
16 agriculture and shall be convened no later than May  
17 1, 1985.

18           5. Select Committee on Milk Pricing. There  
19 shall be a Select Committee on Milk Pricing consist-  
20 ing of 10 members to advise the study panel on the  
21 design of the study and on the options and policies  
22 to be evaluated. The committee shall be composed of  
23 3 members of the House of Representatives, appointed  
24 by the Speaker of the House of Representatives, one  
25 of whom shall represent each political party; 2 mem-  
26 bers of the Senate, appointed by the President of the  
27 Senate, one of whom shall be chosen to represent each  
28 political party; and 3 members named by the Governor,  
29 one of whom shall be knowledgeable of the dairy pro-  
30 cessing industry, one of whom shall be knowledgeable  
31 of milk retailing and one milk producer who is  
32 knowledgeable of marketing systems. The Public Advo-  
33 cate or his designee shall also serve on the commit-  
34 tee, representing consumer interests. The Commis-  
35 sioner of Agriculture, Food and Rural Resources shall  
36 serve ex officio as chairman of the committee.

37           6. Panel to meet with select committee. The  
38 panel shall meet with the Select Committee on Milk

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1 Pricing no later than July 1, 1985, to present to the  
2 committee its preliminary study design, including the  
3 alternative pricing mechanisms to be evaluated and at  
4 other times at the request of the Select Committee on  
5 Milk Pricing. The panel shall issue its final report  
6 to the Select Committee on Milk Pricing no later than  
7 November 1, 1985.

8 7. Preparation of legislation. After consulta-  
9 tion with the Select Committee on Milk Pricing, the  
10 commissioner shall prepare legislation based on the  
11 report of the panel. The proposed legislation shall  
12 be provided to the members of the joint standing com-  
13 mittee of the Legislature having jurisdiction over  
14 agriculture by December 15, 1985, for their review  
15 prior to its submission to the Legislature.

16 STATEMENT OF FACT

17 There is considerable concern and uncertainty on  
18 the part of Maine dairy farmers, processors, milk re-  
19 tailers and consumers about the objectives and effec-  
20 tiveness of current state milk pricing regulations.  
21 This regulatory authority is exercised primarily  
22 through the Maine Milk Commission. The recent com-  
23 mission order providing for volume discounts at the  
24 wholesale price level was an immediate focus of this  
25 concern. Longer-run impacts of new farm and process-  
26 ing technologies, introduction of private labels and  
27 consolidation of the processing sector are also a ba-  
28 sis for uncertainty about whether the current regula-  
29 tory structure can effectively meet the needs of  
30 Maine farmers, dairies and consumers in the future.

