

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 1176

H.P. 844

House of Representatives, April 13, 1989

Reference to the Committee on Agriculture suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative NUTTING of Leeds.

Cosponsored by Representative PARENT of Benton, Representative TARDY of Palmyra and Representative BURKE of Vassalboro.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-NINE

**An Act to Adapt the Maine Milk Pool Law to Potential Changes in
Milk Pricing.**



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

3 Sec. 1. 7 MRSA §3152, sub-§1-A, as enacted by PL 1987, c. 447,
5 §5, is amended to read:

7 1-A. Base minimum price. "Base minimum price" means such
9 that part of the minimum Class I and Class II prices established
11 by the Maine Milk Commission pursuant to chapter 603 as which
13 corresponds to Class I and Class II prices established pursuant
to the New England Milk Marketing Order, excluding any amounts
established by the Maine Milk Commission to reflect the increased
costs of production pursuant to section 2954, subsection 2,
paragraph A.

15 Sec. 2. 7 MRSA §3152, sub-§1-B is enacted to read:

17 1-B. Adjusted base minimum price. "Adjusted base minimum
19 price" means that part of the minimum Class I and Class II prices
established by the Maine Milk Commission pursuant to chapter 603
21 which corresponds to Class I and Class II prices established
pursuant to the New England Milk Marketing Order, plus any
amounts established by the Maine Milk Commission to reflect the
23 increased costs of production pursuant to section 2954,
subsection 2, paragraph A.

25 Sec. 3. 7 MRSA §3152, sub-§8-A, as enacted by PL 1987, c. 447,
27 §5, is amended to read:

29 8-A. Over-order premium. "Over-order premium" means such
31 that part of the minimum Class I and Class II prices established
by the Maine Milk Commission pursuant to chapter 603, as which
33 exceeds the applicable Class I and Class II prices established
pursuant to the New England Milk Marketing Order as adjusted to
35 reflect the increased costs of production pursuant to section
2954, subsection 2, paragraph A.

37 Sec. 4. 7 MRSA §3153, sub-§2, ¶¶A and B, as amended by PL 1987,
39 c. 447, §6, are further amended to read:

41 A. Effective June 1, 1984, each Maine market dealer shall,
on a monthly basis, calculate for its Maine market producers
43 the amount of payment at the adjusted base minimum price
that would be payable to its Maine market producers
45 according to the blend price calculated using that dealer's
utilization rate, and the amount of payment at the base
47 minimum price that would be due its Maine market producers
according to the blend price calculated using the applicable
49 utilization rate for the New England Milk Marketing Order.
Each Maine market dealer shall make an initial payment at
51 the base minimum price to its Maine market producers
according to the blend price calculated using the Federal
Milk Order utilization rate, but shall comply in all other

1 respects with chapter 603. Any additional payment at the
2 adjusted base minimum price that would be due its Maine
3 market producers pursuant to that dealer's applicable
4 utilization rate shall be made to the Maine Milk Pool.
5 Based on the fact that northern Maine market producers
6 presently operate at significantly higher costs because of
7 their remoteness from markets and supplies, that they face
8 greater risks because they operate on a closer margin and
9 because their markets are less secure, payments to the Maine
10 Milk Pool at the adjusted base minimum price attributable to
11 northern Maine market producers shall be reduced by 1/2 and
12 those producers' initial payments under this section shall
13 be increased by the corresponding amounts. The commissioner
14 shall adopt by rule such procedures as are necessary to
15 implement this section.

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

27 **Sec. 5. 7 MRSA §3153, sub-§2, ¶E is enacted to read:**

29 E. For any month in which the Maine Milk Commission has
30 included in Class I or Class II prices any amounts to
31 reflect the increased costs of production pursuant to
32 section 2954, subsection 2, paragraph A, those amounts shall
33 be paid into the Maine Milk Pool for redistribution to
34 eligible Maine and Boston market producers on an equal basis.

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STATEMENT OF FACT

41 This bill provides that any amounts included in the Class I
42 and Class II prices established by the Maine Milk Commission to
43 reflect the higher costs of production in Maine shall be pooled,
44 since those higher costs must be borne by producers on both the
45 Maine and the Boston markets.