

MAINE STATE LEGISLATURE

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AGRICULTURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
116TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1384, L.D. 1883, Bill, "An Act to Require Licenses and Fees for BST Manufacturers and Dealers"

Amend the bill by striking out the title and substituting the following:

'An Act to Promote the Quality of Maine Dairy Products'

Further amend the bill by striking out everything after the title and before the statement of fact and inserting in its place the following:

'Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the legislation provides information for consumers about the manner by which milk is produced in the State, including use of recombinant bovine somatotropin, or rbST; and

Whereas, with the expiration of the state ban on the use of rbST and the approval of the Federal Government for use of rbST, this information is needed immediately; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

COMMITTEE AMENDMENT

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

4 Sec. 1. 7 MRSA §2901-B is enacted to read:

6 §2901-B. Trademark for milk and milk products

8 If the department adopts rules permitting the use of the
10 certification trademark provided for in section 443-B on milk or
12 milk products, the initial rules must include limitations
14 relating to the use of milk from cows that have been treated with
16 recombinant bovine somatotropin, referred to in this section as
18 "rbST." The rules may require that the department receive
written consent from producers to draw blood from their milking
herd, examine historical milk production records, inspect
medicine storage places, and to perform other inspections
reasonably necessary to verify compliance with the trademark
criteria.

20 1. Notice by producer. If the criteria for use of the
22 certification trademark include absence of the use of rbST, a
24 milk producer in this State who sells milk to a dealer who uses
26 the trademark must notify that milk dealer before using rbST
28 within the milking herd of the producer's dairy farm.
Notification to the dealer must be made at least 45 days before
using rbST. Notification must be made by certified mail and sent
to the dealer's employee responsible for milk procurement at the
plant location where the milk is processed. For purposes of this
section, "possession of rbST" means use.

30 2. Failure to provide notice. If a Maine producer fails to
32 give the dealer the notice required in subsection 1, the dealer
34 is not required to comply with the notice requirements of section
36 2903-A before refusing to continue to purchase milk under any
contract with that producer.

38 Sec. 2. 7 MRSA §2909 is enacted to read:

40 §2909. Inspection

42 The commissioner, or a duly authorized agent of the
44 commissioner, may perform inspections as authorized by written
consents obtained pursuant to section 2901-B.

46 Sec. 3. 7 MRSA §2954, sub-§2, ¶A, as amended by PL 1991, c.
266, §2, is further amended to read:

48 A. The minimum wholesale prices paid to producers are based
50 on the prevailing Class I, Class II and Class III prices in
southern New England and, ~~after.~~ After investigation by,

2 the Maine Milk Commission, ~~must reflect as accurately as~~
3 ~~possible the increased costs of production~~ may set minimum
4 wholesale prices paid to producers to reflect the costs of
5 producing milk in this State.

6 **Sec. 4. 36 MRSA §4543, sub-§2**, as amended by PL 1993, c. 274,
7 §4, is further amended to read:

8
9 **2. Rate.** The rate of the tax levied under this chapter is
10 established for each tax period on the basis of the basic price
11 of milk in effect on the Sunday following the first Sunday of the
12 tax period in accordance with the following chart:

| 14 | Basic Price | Rate of Maine Dairy Farm Stabilization Tax |
|----|--|--|
| 15 | | |
| 16 | | |
| 17 | | |
| 18 | | |
| 19 | \$16.00 \$16.50 per hundredweight and above | 0¢ per quart |
| 20 | <u>\$16.00 to \$16.49 per hundredweight</u> | <u>1¢ per quart</u> |
| 21 | \$15.50 to \$15.99 per hundredweight | 1¢ <u>2¢</u> per quart |
| 22 | \$15.00 to \$15.49 per hundredweight | 2¢ <u>3¢</u> per quart |
| 23 | \$14.50 to \$14.99 per hundredweight | 3¢ <u>4¢</u> per quart |
| 24 | \$14.00 to \$14.49 per hundredweight | 4¢ <u>5¢</u> per quart |
| 25 | below \$14.00 per hundredweight | 5¢ <u>6¢</u> per quart |
| 26 | | |

27 For any container other than a quart, the tax is computed on
28 a quart equivalent basis.

29 **Sec. 5. 36 MRSA §4544, sub-§2**, as amended by PL 1993, c. 274,
30 §5 and affected by §6, is further amended to read:

31
32 **2. Distribution.** All funds collected under this chapter
33 and all other funds appropriated by the Legislature for the
34 purposes of this chapter and interest earnings on these funds
35 must be distributed by the Treasurer of State on a monthly basis
36 as follows.

37
38 **A.** Ninety-four and one-half percent of the funds collected
39 under this chapter and all other funds appropriated by the
40 Legislature for the purposes of this chapter and any
41 earnings on these funds must be paid each month to the
42 Commissioner of Agriculture, Food and Rural Resources for
43 distribution to Maine market producers and Boston market
44 producers equally per hundredweight on the basis of their
45 production during the prior month. Such payments to
46 producers must be made by the 20th day of the month
47 following the month that payment of the tax is due. A
48 payment may not be allocated to that portion of a producer's
49 milk production that is in excess of 800,000 pounds per
50

month. Notwithstanding any other provisions of law, the funds distributed to producers under this paragraph are allotted for the purposes of this paragraph and the Commissioner of Agriculture, Food and Rural Resources or the Maine Milk Pool administrator pursuant to Title 7, section 3154, as the commissioner's designee, is authorized to prepare and sign warrants for the payment of the amounts due to producers from the Maine Dairy Farm Stabilization Fund under this chapter.

B. Four percent of the funds collected each month must be paid into a separate, nonlapsing account to be allocated by the Legislature on an annual basis to supplement the Women, Infants and Children Special Supplemental Food Program of the United States Child Nutrition Act of 1966 administered by the Department of Human Services. The Department of Human Services shall utilize an amount attributable to 1¢ per hundredweight in a manner that gives priority to goods produced in Maine, to the extent permitted by federal law.

C. Two One and one-half percent of the fund must be paid into a separate, nonlapsing account to be allocated by the Legislature on an annual basis to cover the actual costs of the administration and enforcement of this chapter by the Treasurer of State, the State Tax Assessor, the Attorney General and the Commissioner of Agriculture, Food and Rural Resources and to enforce or verify compliance with standards and criteria established for the use of a certification trademark authorized by the Commissioner of Agriculture, Food and Rural Resources pursuant to Title 7, section 2901-B. Any remaining balance of this account after these allocations must be redeposited in the Maine Dairy Farm Stabilization Fund for distribution to producers.

Sec. 6. Allocation. The following funds are allocated from Other Special Revenue to carry out the purposes of this Act.

| | 1993-94 | 1994-95 |
|---|---------|----------|
| AGRICULTURE, FOOD AND RURAL RESOURCES, DEPARTMENT OF | | |
| Agricultural Production | | |
| All Other | | \$45,228 |
| Provides funds for administration of the Maine dairy farm stabilization program and for general | | |

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operating costs incurred to enforce and verify standards for the certification trademark for milk and milk products.

Public Services - Agriculture

All Other \$25,000 \$25,000

Provides funds for general operating costs of the milk inspection program.

DEPARTMENT OF AGRICULTURE, FOOD AND RURAL RESOURCES TOTAL

\$25,000 \$70,228

Emergency clause. In view of the emergency cited in the preamble, this Act takes effect when approved, except that the provisions that amend the Maine Revised Statutes, Title 36, sections 4543 and 4544 and the allocation section take effect on May 1, 1994.

Further amend the bill by inserting at the end before the statement of fact the following:

FISCAL NOTE

1993-94 1994-95

APPROPRIATIONS/ALLOCATIONS

Other Funds \$25,000 \$70,228

The increase of the Maine Dairy Farm Stabilization Tax will result in increased dedicated revenues to the Maine Dairy Farm Stabilization Fund. The amounts can not be determined at this time.

The percentage changes in the distribution of the Maine Dairy Farm Stabilization Fund will result in a percentage increase of collected funds that are distributed to certain milk producers and a percentage decrease in funds distributed for administrative costs. However, when coupled with the previously cited increase in revenues to the fund, the net amounts that are distributed for administrative purposes are likely to increase. The amounts can not be determined at this time.

In addition, repeal of the requirement that remaining balances of the administrative costs account will be

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2 redistributed to milk producers is likely to increase the funds
available for administrative cost purposes. The amounts can not
4 be determined at this time.

6 This bill includes Other Special Revenue allocations of
\$25,000 annually in fiscal years 1993-94 and 1994-95 for the
Department of Agriculture, Food and Rural Resources to conduct
8 milk inspections. The department has adequate financial
resources to cover these increased costs.

10 This bill includes an Other Special Revenue allocation of
12 \$45,228 in fiscal year 1994-95 for the Department of Agriculture,
Food and Rural Resources to enforce and verify standards for the
14 certification trademark program for milk and milk products. The
department has adequate financial resources to cover these
16 increased costs.

18 The Department of Agriculture, Food and Rural Resources will
incur some minor additional costs to adopt rules pertaining to
20 the establishment of the certification trademark program for milk
and milk products. These costs can be absorbed within the
22 department's existing budgeted resources.'

24
26 **STATEMENT OF FACT**

28 The amendment replaces the bill. It provides that, if the
Department of Agriculture, Food and Rural Resources adopts rules
30 permitting use of the Maine certification trademark on milk or
milk products, the initial rules must include limitations on the
32 use of milk from cows that have been treated with recombinant
bovine somatotropin, or rbST. The department may add other
34 qualifications as well to the initial rules, and may amend the
rules at any time to discontinue rbST use as a factor in
36 qualifying for the trademark. The amendment authorizes the
department to inspect dairy farms and dairy herds to ensure
38 compliance with the standards for use of the trademark by the
dealer, provided the department has received written consent to
the inspections. The amendment also amends the method of setting
40 minimum wholesale milk prices, increases the rate of the Maine
Dairy Farm Stabilization Tax, requires milk producers to notify
42 dairies they sell to if they are using rbST and the dealer is
using the trademark, decreases the percentage of the tax that
44 goes to fund the department and provides for use of that money,
and requires the Department of Human Services to promote the use
46 of Maine products in its use of additional funds that are made
available as a result of the increased tax. The amendment also
48 removes the requirement that the balance of the account that the
department may use to promote goods produced in Maine must be
50 redeposited in the Maine Dairy Farm Stabilization Fund. The

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2 amendment also adds a fiscal note and allocation section to the bill.

COMMITTEE AMENDMENT