

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 1337

H.P. 982

House of Representatives, March 12, 2003

**An Act To Stabilize the Maine Dairy Industry, Protect Consumers
against Price Gouging on Milk and Eliminate the BETR/TIF Double
Dip**

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative MILLS of Cornville.
Cosponsored by Representatives: KETTERER of Madison, McKEE of Wayne, MILLS of
Farmington.

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

2
4 **Sec. 1. 7 MRSA §2953, first ¶**, as amended by PL 1989, c. 123,
is further amended to read:

6 The commission ~~shall~~~~have~~ has power to establish and change
the minimum wholesale and retail prices for the sale of milk
8 within the State, in such a manner as to supplement the
supervision and regulations as are now imposed by existing laws
10 or by lawful ordinances or rules and regulations of the several
cities and towns of the State. The commission shall protect
12 purchasers of milk against the sale of milk for an unconscionably
excessive price pursuant to section 2954-D. The commission shall
14 have has no power to modify, add to or annul any sanitary
regulations imposed by any state or municipal authority or to
16 compel pasteurization in any market area. The commission shall
ensure that distributors give 30 days' notice before terminating
18 delivery to any customer in their delivery area or in the
traditional delivery area of a distributor they have purchased.
20 The 30-day notice does not apply to cancellations resulting from
a failure to pay bills.

22 **Sec. 2. 7 MRSA §2953, 2nd ¶**, as repealed and replaced by PL
24 1975, c. 517, §2, is amended to read:

26 Not less than once every 3 years, the commission shall
conduct independent studies of the economics and practices of the
28 milk industry in order to assist the commission in establishing
minimum prices and protecting against the selling of milk for
30 unconscionably excessive prices.

32 **Sec. 3. 7 MRSA §2954-D** is enacted to read:

34 **§2954-D. Unconscionably excessive prices for sale of milk**

36 **1. Prohibition against price gouging.** A person may not
sell or offer to sell fluid milk for an unconscionably excessive
38 price.

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

2 3. Unconscionably excessive price. An unconscionably
3 excessive price is evidenced by:

4 A. A disparity between the retail price and the producers'
5 price that grossly exceeds a reasonable rate of return;

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

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

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

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

18 **Sec. 4. 7 MRSA §3153-A is enacted to read:**

19 **§3153-A. Dairy stabilization subsidy**

20 For the months of March 2003 to December 2004, the director
21 of the Maine Milk Commission shall distribute on a monthly basis
22 to Maine's dairy farmers a direct subsidy calculated as 50% of
23 the difference between \$17 per hundredweight and the statistical
24 blend price of milk for Suffolk County, Massachusetts as
25 determined for that month by the Northeast Market Administrator
26 of the United States Department of Agriculture. If there are
27 insufficient funds to cover the subsidy, then the Director of the
28 Maine Milk Commission shall prorate the distribution on the basis
29 of each farmer's production for the month. The first
30 distribution must cover the months of March 2003 to the month in
31 which this section takes effect. The last subsidy must be for
32 the month of December 2004. The total subsidy for milk
33 production occurring within a single month may not exceed
34 \$1,100,000.

35 **Sec. 5. 36 MRSA §6652, sub-§1-D is enacted to read:**

36 **1-D. Limitation on certain property.** Reimbursement may not
37 be made pursuant to this chapter to the extent that the property
38 taxes paid after March 31, 2002 are returned to a taxpayer by a
39 municipality due to the taxpayer's participation in a municipal
40 development district pursuant to Title 30-A, chapter 206,
41 subchapter 1.

2 **Sec. 6. Appropriations and allocations.** The following
3 appropriations and allocations are made.

4

5 **AGRICULTURE, FOOD AND RURAL RESOURCES,**
6 **DEPARTMENT OF**

7 **Maine Milk Commission - 0188**

8
9 Initiative: Appropriates funds to the Maine Milk Commission to
10 be deposited in the Maine Milk Pool pursuant to the Maine Revised
11 Statutes, Title 7, sections 3153 and 3153-A.

12			
13	General Fund	2003-04	2004-05
14	All Other	\$17,600,000	\$6,600,000
15		<hr/>	<hr/>
16	General Fund Total	\$17,600,000	\$6,600,000

17

18 **Sec. 7. Application.** That section of this Act that amends the
19 Maine Revised Statutes, Title 36, section 6652, subsection 1
20 applies to property taxes based on the status of property on or
21 after April 1, 2002.

22

23

SUMMARY

24 This bill prohibits the sale of milk for unconscionably
25 excessive prices.

26 This bill also amends the business equipment tax
27 reimbursement program to eliminate payment for taxes that are
28 returned to a taxpayer due to participation in a municipal
29 development district.

30

31 This bill also appropriates funds from the General Fund to
32 the Maine Milk Commission.

33

34