

# MAINE STATE LEGISLATURE

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L.D. 1378

DATE: 5-6-03

(Filing No. H-271)

AGRICULTURE, CONSERVATION AND FORESTRY

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
121ST LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1013, L.D. 1378, Bill, "An Act To Provide Financing Relief for Maine Dairy Farmers"

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

'An Act To Provide Financial Relief for Maine Dairy Farmers'

Further 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 §436, as amended by PL 1999, c. 563, §1, is further amended to read:

§436. Grants for technical assistance and research

The commissioner may use all or a portion of the accrued interest in the cash balance of the Agricultural Marketing Loan Fund and interest all or a portion of loan repayments, --up-to-a maximum-of-\$250,000-per-year, for grants for technical assistance and the agricultural development grant program in chapter 10. The commissioner may expend grant dollars designated to an applicant in one fiscal year during the following fiscal year.

Sec. 2. 7 MRSA §3153-A is enacted to read:

§3153-A. Dairy stabilization subsidy

If the base price of milk falls below \$16.94 per

R.O.G.

2 hundredweight in any month beginning September 1, 2003 and ending  
3 December 31, 2003, the administrator of the Maine Milk Pool shall  
4 distribute to Maine milk producers on a per hundredweight basis  
5 55% of the difference between \$16.94 per hundredweight and the  
6 base price of milk per hundredweight. The amount distributed for  
7 milk produced during the period between September 1, 2003 and  
8 December 31, 2003 may not exceed \$3,000,000. The Governor shall  
9 provide these funds to the Maine milk pool administrator for  
10 distribution to Maine milk producers, as provided for in this  
11 section, during the months of October 2003 to January 2004. The  
12 base price of milk is the Suffolk County, Massachusetts Class I  
13 price of milk as determined for each month by the Northeast  
14 Market Administrator of the United States Department of  
15 Agriculture. The Governor shall seek a General Fund appropriation  
16 during the Second Regular Session of the 121st Legislature if  
17 needed for the purposes of this section.

18 **Sec. 3. 10 MRSA §1023-J**, as amended by PL 2001, c. 471, Pt.  
19 A, §12, is further amended to read:

20 **§1023-J. Agricultural Marketing Loan Fund**

21  
22 The Agricultural Marketing Loan Fund, referred to in this  
23 section as the "fund," is created. The fund must be deposited  
24 with and maintained by the Finance Authority of Maine. The fund  
25 must be administered by the Commissioner of Agriculture, Food and  
26 Rural Resources in accordance with Title 7, chapter 101,  
27 subchapter I-D 1-D. All money received by the Finance Authority  
28 of Maine from any source for the development and implementation  
29 of an improved agricultural marketing loan program must be  
30 credited to the fund. Any money credited to the fund from the  
31 issuance of bonds on behalf of the State for financing loans for  
32 agricultural enterprises may be used only for the following  
33 purposes: to provide assistance to agricultural enterprises in  
34 this State for the design, construction or improvement of  
35 commodity and storage buildings and packing and marketing  
36 facilities; for the purchase, construction or renovation of  
37 buildings, equipment, docks, wharves, piers or vessels used in  
38 connection with a commercial agricultural enterprise; for the  
39 purchase of land in connection with development of new cranberry  
40 acreage; for the purchase of land for irrigation reservoirs or to  
41 provide direct access to water for irrigation; for the purchase  
42 of land necessary for the start-up of a new agricultural  
43 enterprise; for the expansion of an existing agricultural  
44 enterprise when the land acquisition is necessary to comply with  
45 land use regulations; ~~or~~ for the development of a business plan  
46 in accordance with the provisions of Title 7, section 436-A; or,  
47 if the commissioner so approves at the time of loan insurance  
48 commitment, to pledge money in the fund as security for, and to  
49 apply money in the fund to, payment of principal, interest and  
50

2 other amounts due on any term loans insured by the Finance  
3 Authority of Maine to an eligible dairy farmer. Repayment of  
4 these loans and interest on these loans must be credited to the  
5 fund and ~~must be available for making additional loans for the~~  
6 ~~same purposes, except that interest~~ may be used for the purposes  
7 stated in this section or Title 7, section 436. Interest earned  
8 on money in the fund and interest earned on loans made from the  
9 fund may be used to pay the administrative costs of processing  
10 loan applications, to the extent that these costs exceed the fee  
11 for administrative costs established by Title 7, section 435,  
12 subsection 4.

13  
14 A purchaser of a modern storage facility that was previously  
15 financed with a state loan from the Potato Marketing Improvement  
16 Fund may receive a loan from the Agricultural Marketing Loan  
17 Fund, but not for the same project financed by the Potato  
18 Marketing Improvement Fund. Mortgages obtained from the fund may  
19 be assumed by subsequent purchasers of the property.

20 In order to provide monetary support for Maine milk  
21 producers, the Commissioner of Agriculture, Food and Rural  
22 Resources may take actions and direct the Finance Authority of  
23 Maine to take actions to provide support including entering into  
24 agreements as may be necessary to sell, assign or otherwise  
25 pledge amounts in the aggregate principal amount of loans and  
26 undivided interests in a pool of loans, and assign or pledge any  
27 cash balances in the fund, mortgages or other security to provide  
28 assurance that amounts provided as monetary support by the  
29 commissioner to milk producers are returned to their original  
30 source.

31  
32 **Sec. 4. Transfer of funds.** Notwithstanding any other provision  
33 of law, the State Controller shall transfer \$10,000 from the  
34 Division of Quality Assurance and Regulation, Other Special  
35 Revenue Funds account in the Department of Agriculture, Food and  
36 Rural Resources to the Maine Milk Commission, Other Special  
37 Revenue Funds account, appropriation unit 22, in the Department  
38 of Agriculture, Food and Rural Resources no later than June 30,  
39 2003.

40  
41 **Sec. 5. Transfer of funds.** Notwithstanding any other provision  
42 of law, the State Controller shall transfer \$15,000 from the  
43 Division of Animal Health and Industry, Other Special Revenue  
44 Funds account in the Department of Agriculture, Food and Rural  
45 Resources to the Maine Milk Commission, Other Special Revenue  
46 Funds account, appropriation unit 22, in the Department of  
47 Agriculture, Food and Rural Resources no later than June 30, 2003.  
48

**Sec. 6. Transfer of funds.** Notwithstanding any other provision of law, the State Controller shall transfer \$11,913 from the Maine Milk Commission, Other Special Revenue Funds account, appropriation unit 01, in the Department of Agriculture, Food and Rural Resources to the Maine Milk Commission, Other Special Revenue Funds account, appropriation unit 22, in the Department of Agriculture, Food and Rural Resources no later than June 30, 2003.

**Sec. 7. Prices established by Maine Milk Commission.** In establishing and changing minimum wholesale prices paid to milk producers under the Maine Revised Statutes, Title 7, chapter 603, the Maine Milk Commission may not reduce the minimum wholesale prices paid to producers based on subsidy payments made in accordance with Title 7, section 3153-A.

**Sec. 8. Authority to allocate funds.** Notwithstanding the Maine Revised Statutes, Title 7, section 436 or any other provision of law to the contrary, the Commissioner of Agriculture, Food and Rural Resources may allocate funds available for grants under Title 7, section 436 to the Maine Milk Commission for distribution to Maine milk producers no later than September 30, 2003.

**Sec. 9. Appropriations and allocations.** The following appropriations and allocations are made.

**AGRICULTURE, FOOD AND RURAL RESOURCES,  
DEPARTMENT OF 01A**

**Division of Quality Assurance and  
Regulation 010 01A 0393 01**

Initiative: Deappropriates funds from salary savings and a reduction in operations. The funds will be reappropriated to the Maine Milk Commission for transfer to the Maine Milk Pool to aid the dairy industry.

<b>General Fund</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>
Personal Services	(\$282,702)	\$0	\$0
All Other	(5,000)	0	0
<b>General Fund Total</b>	<b>(\$287,702)</b>	<b>\$0</b>	<b>\$0</b>

**Division of Animal Health and  
Industry 010 01A 0394 01**

Initiative: Deappropriates funds from salary savings and a reduction in operations. The funds will be reappropriated to the

COMMITTEE AMENDMENT "A" to H.P. 1013, L.D. 1378

Maine Milk Commission for transfer to the Maine Milk Pool to aid the dairy industry.

General Fund	2002-03	2003-04	2004-05
Personal Services	(\$76,749)	\$0	\$0
All Other	(2,816)	0	0
General Fund Total	(\$79,565)	\$0	\$0

**Office of Agricultural, Natural and Rural Resources 010 01A 0830 01**

Initiative: Deappropriates funds from salary savings and a reduction in operations. The funds will be reappropriated to the Maine Milk Commission for transfer to the Maine Milk Pool to aid the dairy industry.

General Fund	2002-03	2003-04	2004-05
Personal Services	(\$20,000)	\$0	\$0
All Other	(8,360)	0	0
General Fund Total	(\$28,360)	\$0	\$0

**Division of Market and Production Development 010 01A 0833 01**

Initiative: Deappropriates funds from salary savings and a reduction in operations. The funds will be reappropriated to the Maine Milk Commission for transfer to the Maine Milk Pool to aid the dairy industry.

General Fund	2002-03	2003-04	2004-05
Personal Services	(\$14,162)	\$0	\$0
General Fund Total	(\$14,162)	\$0	\$0

**Harness Racing Commission 010 01A 0320 01**

Initiative: Deappropriates funds from a reduction in operations. The funds will be reappropriated to the Maine Milk Commission for transfer to the Maine Milk Pool to aid the dairy industry.

General Fund	2002-03	2003-04	2004-05
All Other	(\$48,000)	\$0	\$0
General Fund Total	(\$48,000)	\$0	\$0

**Office of the Commissioner 010 01A 0401 01**

COMMITTEE AMENDMENT "A" to H.P. 1013, L.D. 1378

Initiative: Deappropriates funds from a reduction in operations. The funds will be reappropriated to the Maine Milk Commission for transfer to the Maine Milk Pool to aid the dairy industry.

<b>General Fund</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>
All Other	(\$698)	\$0	\$0
General Fund Total	(\$698)	\$0	\$0

**Division of Plant Industry 010 01A 0831 01**

Initiative: Deappropriates funds from a reduction in operations. The funds will be reappropriated to the Maine Milk Commission for transfer to the Maine Milk Pool to aid the dairy industry.

<b>General Fund</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>
All Other	(\$4,600)	\$0	\$0
General Fund Total	(\$4,600)	\$0	\$0

**Maine Milk Commission 014 01A 0188 01**

Initiative: Provides for a one-time appropriation of funds to be transferred to the Maine Milk Pool.

<b>General Fund</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>
All Other	\$463,087	\$0	\$0
General Fund Total	\$463,087	\$0	\$0

Initiative: Provides for the allocation of funds to the Maine Milk Commission's Milk Pool account to carry out the provisions of this Act. The funds must be distributed equitably no later than September 30, 2003 to all Maine dairy farmers in accordance with their production.

<b>Other Special Revenue Funds</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>
All Other	\$1,400,000	\$1,800,000	\$0
Other Special			
Revenue Funds Total	\$1,400,000	\$1,800,000	\$0

**Maine Milk Commission 014 01A 0188 01**

Initiative: Provides for the allocation of funds to the Maine Milk Commission's Milk Pool account, created in the Maine Revised Statutes, Title 7, section 3153, to be distributed to Maine dairy farmers pursuant to Title 7, section 3153-A.

COMMITTEE AMENDMENT "A" to H.P. 1013, L.D. 1378

Other Special Revenue Funds	2002-03	2003-04	2004-05
All Other	\$0	\$3,000,000	\$0
Other Special			
Revenue Funds Total	\$0	\$3,000,000	\$0
 <b>AGRICULTURE, FOOD AND RURAL</b>			
<b>RESOURCES, DEPARTMENT OF OIA</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>
<b>GENERAL FUND</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>OTHER SPECIAL</b>			
<b>REVENUE FUNDS</b>	<b>\$1,400,000</b>	<b>\$4,800,000</b>	<b>\$0</b>
<b>DEPARTMENT TOTAL -</b>			
<b>ALL FUNDS</b>	<b>\$1,400,000</b>	<b>\$4,800,000</b>	<b>\$0'</b>

**SUMMARY**

This amendment allows the Commissioner of Agriculture, Food and Rural Resources to use the Agricultural Marketing Loan Fund to provide additional financial assistance to dairy farmers. It also transfers certain savings in other accounts within the department to the Maine Milk Commission for distribution to Maine milk producers.

This amendment also provides for direct subsidy payments to the State's dairy farmers through the Maine Milk Pool in the event that the base price for milk falls below \$16.94 in any of the months from September 2003 to December 2003. In the absence of state or federal funds available for this purpose, the Governor is authorized to borrow up to \$2,000,000 for this purpose.

**FISCAL NOTE REQUIRED**  
(See attached)





**121st Maine Legislature  
Office of Fiscal and Program Review**

**LD 1378**

**An Act to Provide Financing Relief for Maine Dairy Farmers**

**LR 2012(02)**

**Fiscal Note for Bill as Amended by Committee Amendment " "**

**Committee: Agriculture, Conservation and Forestry**

**Fiscal Note Required: Yes**

**Fiscal Note**

Current biennium cost increase - General Fund

Current biennium savings - General Fund

	2002-03	2003-04	2004-05	Projections 2005-06	Projections 2006-07
<b>Net Cost (Savings)</b>					
General Fund	\$0	\$0	\$0	\$0	\$0
<b>Appropriations/Allocations</b>					
General Fund	\$0	\$0	\$0	\$0	\$0
Other Special Revenue Funds	\$1,400,000	\$4,800,000	\$0	\$0	\$0
<b>Transfers</b>					
Other Special Revenue Funds	\$0	\$0	\$0	\$0	\$0

**Fiscal Detail and Notes**

As amended, this bill includes General Fund deappropriations for the Department of Agriculture, Food and Rural Resources which total \$463,087 in fiscal year 2002-03. The bill also includes a General Fund appropriation of \$463,087 in fiscal year 2002-03 to the department for funds which will be transferred to the Maine Milk Pool and then distributed to dairy farmers. The net effect to the General Fund for fiscal year 2002-03 is \$0. As amended, this bill also includes Other Special Revenue funds allocations for the department to allow distribution of funds to dairy farmers; the amounts are \$1,400,000 and \$4,800,000 in fiscal years 2002-03 and 2003-04, respectively. Finally, it also authorizes the transfer of a total of \$36,913 in fiscal year 2002-03 from 3 Other Special Revenue accounts within the department to the Maine Milk Pool Other Special Revenue account.