

MAINE STATE LEGISLATURE

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123rd MAINE LEGISLATURE

FIRST REGULAR SESSION-2007

Legislative Document

No. 852

S.P. 262

February 23, 2007

**An Act To Raise Benefits for Farmers under the Milk Subsidy
Program and To Prevent Price Gouging in the Sale of Milk**

Reference to the Committee on Agriculture, Conservation and Forestry suggested and ordered printed.

A handwritten signature in black ink, reading 'Joy J. O'Brien'.

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator MILLS of Somerset.

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

2 **Sec. 1. 7 MRSA §2954-D** is enacted to read:

3 **§2954-D. Excessive retail pricing**

4 **1. Prohibition.** A retail store may not sell or offer to sell fluid milk for a price that
5 exceeds by 10% the minimum retail price established for payment by consumers by the
6 commission pursuant to section 2954.

7 **2. Penalty.** A person who violates subsection 1 commits a civil violation for which
8 a fine may be adjudged that equals 50% of the amount by which the price exceeded the
9 minimum retail price established pursuant to section 2954 multiplied by the number of
10 sales made by the retail store at the prohibited price.

11 **3. Exceptions.** This section does not apply to:

12 A. Sales of organic milk; or

13 B. Sales of fluid milk directly to consumers by producer-dealers.

14 **4. Dedicated funds.** Fines adjudged under this section are payable to the Dairy
15 Price Support Program Fund established under section 2964.

16 **Sec. 2. 7 MRSA §2964** is enacted to read:

17 **§2964. Dairy Price Support Program Fund**

18 **1. Fund established.** The Dairy Price Support Program Fund, referred to in this
19 section as "the fund," is established as a dedicated, nonlapsing fund. Any balance
20 remaining in the fund at the end of a fiscal year does not lapse and must be carried
21 forward to the next fiscal year. Any interest earned on assets of the fund is credited to the
22 fund.

23 **2. Uses of fund.** The commission may make expenditures from the fund to develop
24 and manage effective and cost-efficient price support programs.

25 **Sec. 3. 7 MRSA §3153-B, sub-§1, ¶D,** as enacted by PL 2003, c. 648, §2, is
26 amended to read:

27 D. "Target price" means the short-run break-even point plus interest and
28 depreciation for machinery and equipment for each of 3 categories of annual
29 production. Target prices are determined in accordance with subsection 3.

30 **Sec. 4. 7 MRSA §3153-B, sub-§3,** as amended by PL 2005, c. 382, Pt. F, §34, is
31 further amended to read:

32 **3. Determination of target prices.** The Maine Milk Commission shall establish 3
33 tiers of production, each representing a range of annual production. The commission
34 shall use the most recent studies conducted in accordance with section 2952-A,

1 subsection 3, paragraph A to estimate the ~~short-run break-even point~~ target price within
2 each tier.

3

SUMMARY

4 This bill prohibits a retail store from selling milk for a price that exceeds by 10% the
5 minimum retail price established for payment by consumers by the Maine Milk
6 Commission. The bill exempts sales of organic milk and sales to consumers by producer-
7 dealers from the prohibition on excessive retail pricing.

8 The bill also includes interest and depreciation on machinery and equipment within
9 the 3-tiered system of dairy stabilization support.