

MAINE STATE LEGISLATURE

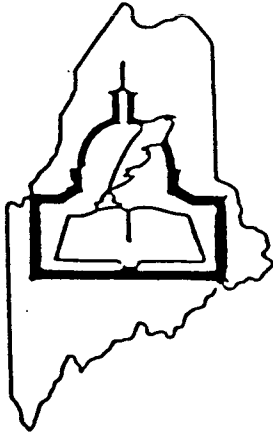
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STATE OF MAINE
ONE HUNDRED AND TWELFTH LEGISLATURE
SECOND REGULAR SESSION

JOINT STANDING COMMITTEE ON
AGRICULTURE
BILL SUMMARY



MAY 1986

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JOINT STANDING COMMITTEE
BILL SUMMARIES
MAY 1986

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees and Joint Select Committees of the Maine Legislature, covering the Second Regular Session of the 112th Legislature. The summaries are arranged by LD number under each committee.

All Amendments are listed, by paper number (e.g., H-584 or S-222), together with the sponsor if it is a floor amendment or the designation "CA" if it is a committee amendment. If the amendment was adopted in the House, the letter H appears after the sponsor. If it was adopted in the Senate, the letter S appears.

Final action for each bill is listed to the right of the title. If final House action and Senate action differ, both are listed.

Key to Committee Reports and Floor Action:

OTP	Ought to Pass
OTP-ND	Ought to Pass in New Draft
OTP-ND-NT	Ought to Pass in New Draft, New Title
OTP-AM	Ought to Pass as Amended
ONTP	Ought Not to Pass
LVWD	Leave to Withdraw
INDEF PP	Indefinitely Postponed

SUMMARY: This bill removes obsolete grading language from the milk labeling law. An amendment (H-682) removed the proposed requirement for milk to be labeled according to the State in which it is processed and packaged.

LD AN ACT TO IMPROVE THE MARKETING OF MILK IN
2352 MAINE

INDEF PP (S)
ONTP (H)

Sponsor: EMERSON, Dutremble, Masterman, Brannigan
Committee Report:

SUMMARY: In its 1985 session, out of growing concern whether the present minimum price system for regulating milk marketing in Maine was serving the State's dairy industry and consumers well, the 112th Legislature commissioned a study of regulatory options available to the State for the regulation of milk marketing. The concern expressed at that time was over the Maine Milk Commission pricing order 85-2 which established different price schedules for milk sold at wholesale, taking delivery costs into account. Given the pricing system established, high volume accounts would be able to charge less for the milk sold at retail than smaller stores selling less volume because the delivery costs to service smaller stores are considerably higher. The decision to accept volume terminated pricing was postponed with a call for a special report from a panel of experts. In its report, the study panel, made up of 4 agricultural economists with milk marketing expertise, concluded that, while the present system had served the industry reasonably well, it could not continue to do so for long, given existing economic incentives for large retail chains to go out of state to buy their private label milk.

While retaining the regulatory authority of the Maine Milk Commission and the role of Maine Milk Pool, this legislative proposal would have authorized the Commission to set minimum prices to be paid to milk producers by dealers. In place of minimum wholesale and retail prices, it would have prohibited the sale of milk by a dealer to a store at a price below the dealer's costs and prohibited the sale of milk by a store at a price below the store's costs. In order to apply and enforce the prohibition of sales below cost, the new draft would have authorized the commission to publish "cost-based prices" for sales by dealers and retail stores. A cost-based price for dealers would have represented the cost at which a most efficient dealer may purchase raw milk and receive, process, package and deliver the milk. A cost-based price for retail stores would have represented the cost at which a most efficient retailer may buy packaged milk and ship, handle and sell the milk. A sale at or above a cost-based price was presumed to be not below the seller's cost. A dealer or store may have sold below the cost-based price only if it could have demonstrated to the commission that it has lower costs enabling it to sell at the lower price.

These changes in the State's regulatory system with respect to milk were not approved by the Legislature and the measure was indefinitely postponed.