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Date: (Filing No. H-)

AGRICULTURE, CONSERVATION AND FORESTRY

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
125TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to H.P. 1409, L.D. 1905, Bill, “An Act To Revise the Target Prices for the Dairy Stabilization Program”

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

'An Act Regarding the Dairy Stabilization Program'

Amend the bill by striking out everything after the title and before the summary and inserting the following:

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

Whereas, all sectors of the dairy industry and rural economies are in jeopardy; and

Whereas, revising target prices used in the dairy stabilization program is essential for a viable dairy industry; and

Whereas, it is in the State’s economic interest to maintain a viable dairy industry and in the public interest to have a secure food supply; 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,

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

Sec. 1. PL 2009, c. 467, §9 is repealed.

Sec. 2. Interim target prices. Beginning July 1, 2012 and until the Maine Milk Commission updates the Maine producer cost-of-production data and adopts new tiers of production and target prices in accordance with the Maine Revised Statutes, Title 7, section 3153-B, subsection 3, the production levels for each tier and the target prices for milk producers in the State are as follows:

COMMITTEE AMENDMENT

1 1. For the first 16,790 hundredweight produced per year by each producer, the target
2 price is \$23.91 per hundredweight;

3 2. For production from 16,791 hundredweight to 49,079 hundredweight per year by
4 each producer, the target price is \$22.82 per hundredweight;

5 3. For production from 49,080 hundredweight to 76,800 hundredweight per year by
6 each producer, the target price is \$19.67 per hundredweight; and

7 4. For production in excess of 76,800 hundredweight per year by each producer, the
8 target price is \$19.39 per hundredweight.

9 **Sec. 3. Transfers for the dairy stabilization program in fiscal years 2012-**
10 **13, 2013-14 and 2014-15.** Notwithstanding the Maine Revised Statutes, Title 7,
11 section 3153-D, in fiscal years 2012-13, 2013-14 and 2014-15, the administrator of the
12 Maine Milk Pool may not certify any amount to be transferred from the General Fund for
13 distributions under Title 7, section 3153-B that exceeds resources allocated by the
14 Legislature.

15 Notwithstanding Title 7, section 3153-B, in fiscal years 2012-13, 2013-14 and 2014-
16 15, the administrator of the Maine Milk Pool may not distribute payments for dairy
17 stabilization support that in the aggregate exceed resources allocated by the Legislature.

18 **Sec. 4. Administrator authorized to make monthly adjustments during**
19 **the period from July 1, 2012 to June 30, 2013.** During the period from July 1,
20 2012 to June 30, 2013, the administrator of the Maine Milk Pool shall monitor milk price
21 projections and each month calculate the amounts to be paid out under the dairy
22 stabilization program under the Maine Revised Statutes, Title 7, section 3153-B for fiscal
23 year 2012-13 based on these projections. The administrator may adjust the amount
24 requested and the amount distributed in any month during this period based on the most
25 recent projections and calculations. The administrator may reduce payments only if
26 projections indicate that the total distributions under the dairy stabilization program will
27 exceed resources allocated by the Legislature for fiscal year 2012-13.

28 If projections indicate that total distributions for fiscal year 2012-13 will exceed
29 allocated resources, the administrator shall adjust payments distributed in October 2012
30 to June 2013 on milk produced in the months of September 2012 to May 2013 by
31 multiplying the target price for each tier by the same percent. If projections indicate that
32 total distributions for fiscal year 2012-13 will exceed allocated resources, the
33 administrator shall adjust payments distributed in July, August and September 2012 on
34 milk produced in June, July and August 2012, respectively, in accordance with sections 7
35 and 8.

36 **Sec. 5. Administrator authorized to make monthly adjustments during**
37 **the period from July 1, 2013 to June 30, 2014.** During the period from July 1,
38 2013 to June 30, 2014, the administrator of the Maine Milk Pool shall monitor milk price
39 projections and each month calculate the amounts to be paid out under the dairy
40 stabilization program under the Maine Revised Statutes, Title 7, section 3153-B for fiscal
41 year 2013-14 based on these projections. The administrator may adjust the amount
42 requested and the amount distributed in any month during this period based on the most
43 recent projections and calculations. The administrator may reduce payments only if

1 projections indicate that the total distributions under the dairy stabilization program will
2 exceed resources allocated by the Legislature for fiscal year 2013-14.

3 If projections indicate that total distributions for fiscal year 2013-14 will exceed
4 allocated resources, the administrator shall adjust payments distributed in October 2013
5 to June 2014 on milk produced in the months of September 2013 to May 2014 by
6 multiplying the target price for each tier by the same percent. If projections indicate that
7 total distributions for fiscal year 2013-14 will exceed allocated resources, the
8 administrator shall adjust payments distributed in July, August and September 2013 on
9 milk produced in June, July and August 2013, respectively, in accordance with sections 7
10 and 8.

11 **Sec. 6. Administrator authorized to make monthly adjustments during**
12 **the period from July 1, 2014 to June 30, 2015.** During the period from July 1,
13 2014 to June 30, 2015, the administrator of the Maine Milk Pool shall monitor milk price
14 projections and each month calculate the amounts to be paid out under the dairy
15 stabilization program under the Maine Revised Statutes, Title 7, section 3153-B for fiscal
16 year 2014-15 based on these projections. The administrator may adjust the amount
17 requested and the amount distributed in any month during this period based on the most
18 recent projections and calculations. The administrator may reduce payments only if
19 projections indicate that the total distributions under the dairy stabilization program will
20 exceed resources allocated by the Legislature for fiscal year 2014-15.

21 If projections indicate that total distributions for fiscal year 2014-15 will exceed
22 allocated resources, the administrator shall adjust payments distributed in October 2014
23 to June 2015 on milk produced in the months of September 2014 to May 2015 by
24 multiplying the target price for each tier by the same percent. If projections indicate that
25 total distributions for fiscal year 2014-15 will exceed allocated resources, the
26 administrator shall adjust payments distributed in July, August and September 2014 on
27 milk produced in June, July and August 2014, respectively, in accordance with sections 7
28 and 8.

29 **Sec. 7. Calculation of payments for milk produced.** Notwithstanding the
30 Maine Revised Statutes, Title 7, section 3153-B, the administrator of the Maine Milk
31 Pool shall calculate and make payments to milk producers in the State in accordance with
32 this section for milk produced from June 1st to August 31st in 2012, 2013 and 2014.

33 1. No later than June 15th in 2012, 2013 and 2014, the administrator of the Maine
34 Milk Pool shall assign each producer to one of 4 tiers based on that producer’s total
35 production during the 12-month period beginning June 1st and ending May 31st of that
36 year.

37 2. Upon receiving the production data for June of that year, the administrator shall:

38 A. Calculate the amount of money due each producer in accordance with Title 7,
39 section 3153-B, subsection 4;

40 B. Reduce each producer’s payment by a percentage established in section 8; and

41 C. Certify to the State Controller the amounts to be transferred and distributed.

1 3. The administrator shall calculate payments for milk produced in July of 2012,
2 2013 and 2014 and milk produced in August of 2012, 2013 and 2014 in the manner
3 prescribed in subsection 2, paragraphs A, B and C.

4 **Sec. 8. Reductions in payments for milk.** The administrator of the Maine Milk
5 Pool shall determine the percentage reduction in payments required under section 7,
6 subsection 2, paragraph B in a manner that results in:

7 1. Each producer within a tier receiving the same percentage reduction in payment
8 for a month as other producers in that tier receive for that month; and

9 2. Percentage reductions between adjacent tiers in a ratio of 1 to 2, progressing from
10 tier 1 to tier 4.

11 **Sec. 9. Reductions not authorized after June 30, 2015.** The administrator of
12 the Maine Milk Pool may not use authority under sections 4 to 7 to reduce payments after
13 June 30, 2015.

14 **Sec. 10. Effective date.** That section of this Act that repeals Public Law 2009,
15 chapter 467, section 9 takes effect July 1, 2012.

16 **Emergency clause.** In view of the emergency cited in the preamble, this
17 legislation takes effect when approved, except as otherwise indicated.'

18 SUMMARY

19 This amendment is the minority report of the Joint Standing Committee on
20 Agriculture, Conservation and Forestry authorized under Public Law 2009, chapter 467,
21 section 16. It revises the target prices used to calculate dairy stabilization payments
22 under the Maine Revised Statutes, Title 7, section 3153-B. It prohibits the distribution of
23 payments in excess of allocated resources for fiscal year 2012-13, fiscal year 2013-14 and
24 fiscal year 2014-15. It authorizes the administrator of the Maine Milk Pool to calculate
25 and distribute reduced payments if projections indicate the allocated resources would
26 otherwise be exceeded. It specifies that, if needed, reductions in payments received in
27 July, August and September of 2012, 2013 and 2014 on milk produced in June, July and
28 August of that year are to be established at a 1:2 ratio between adjacent tiers.