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Bangor Daily News (Maine)

**April 5, 2003** Saturday All Editions

**SECTION:** C; Pg. 1

**LENGTH:** 538 words

**HEADLINE:** Farmers' reactions mixed on **dairy relief** package

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**DATELINE:** AUGUSTA

**BODY:**

Gov. John E. Baldacci unveiled his multi-stage **dairy relief** package Friday to mixed reviews.

"I recognize that this is not the end-all, be-all," Baldacci told a room full of farmers and agriculture leaders. "But it is a good beginning."

Under the plan, the state would immediately begin distributing \$3.9 million to Maine's dairy farmers, stretching those payments out from mid-April to September and basing them on the amount of milk produced.

The plan calls for creating a dairy task force, looking at establishing a series of programs to increase markets and promote diversity, and working on the national level to restrict dairy imports and reauthorize the Northeast Dairy Compact.

Baldacci said the plan will not provide the same level of relief as the proposed vendor fee that he has pledged to veto, but he believes the fee is "the wrong solution. I just don't agree with it."

The fee as proposed would add 8 cents per quart on milk sold in Maine that would go to the general fund, while a second proposal would pay \$5.5 million to farmers.

Negotiations are under way, however, to reduce the fee to 6 cents per quart and have Maine's retailers absorb the amount so that it is not passed on to consumers.

Some agriculture leaders Friday described Baldacci's plan as being like a house of cards, built on the shaky prediction that milk prices will rise by October.

"And when they don't, we'll be right back here with the same problem," said Rep. Nancy Smith, a dairy farmer and member of the Legislature's Agriculture Committee.

Because of a failed federal policy and a national surplus of milk caused by several western states, milk prices have continued to drop below the cost of production for 16 straight months, dropping more than 50 cents per gallon to the farmer.

Clinton dairyman Brian Wright said the plan means that instead of losing \$1,200 a day, his farm will lose \$550 a day.

"But at least he [Baldacci] is doing something. I'll have to compliment him on that," Wright added. "This could buy some time, but the reality is that none of us in this room knows what will happen next fall."

Baldacci's plan would provide \$1.4 million to be distributed to farmers in May and June based on the previous month's production, followed by \$1.8 million over July, August and September.

To farmers, this would mean an additional \$1.50 per hundredweight in April, \$1.30 more in May and June, and \$1.10 in July, August and September.

The plan includes a midterm goal of providing up to \$1.3 million from the Agriculture Marketing Loan Fund to the Financing Authority of Maine to allow farmers to defer up to 12 months of principal and loan payments. This plan is LD 1378, which will be heard by the Agriculture Committee next Wednesday.

The governor has also proposed commissioning a task force to study the sustainability of Maine's dairy industry, and would report back to him in December.

The long-term solutions contained in the plan include a \$2 million bond for the Farms for the Future Program to allow farmers to obtain grants for business programs; \$100,000 from the U.S. Department of Agriculture to help develop new markets; among others.

**LOAD-DATE:** April 7, 2003