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Sen. Grohoski, Rep. Cloutier, and the entire Committee on Taxation, thank you for the opportunity to present to you today, “An Act to Create a Refundable Tax Credit for Agricultural Enterprises.”

There is a desperate need within the agricultural community for long term investment in production oriented infrastructure, equipment, and processing potential. Multiple analyses have cited the lack of processing and production infrastructure and investment as being a bottleneck in the growth of agricultural markets in Maine and New England. Through a months-long process of the Dairy Taskforce in the fall of 2024, an examination was done of existing tax incentive programs for agricultural investment and found them lacking. In my own research, when I discovered the Seed Capital Tax Break program, I attempted to fit some of the needs that exist within the agricultural community into the existing program.

I very much appreciate Mr. Norbert from FAME’s input on this bill, his critiques of it, and that he shared FAME’s testimony with me before the hearing. I have no desire to undo the strength of the program as it currently exists, but I also have a fear that creating a new Capital Tax Break program targeted towards agricultural investors might be a heavy lift for this committee this late in the session.

Maine’s farms are small by comparison to the majority of the nation’s agricultural industry, and many are owned and invested in by family. It is laudable that we have a Seed Capital Tax Break program that supports investment from private venture capital funders, but many of our local, community based farms that are not selling into commodity markets, or opening new markets in the aquaculture industry, are not likely to

attract this sort of investment, and would greatly benefit from public tax breaks. Creating a program that could support desperately needed investment to keep our farms open in these times of uncertainty from the federal government, climate change, and shifting markets, is critical.

I apologize for being out of the country since last week and not being able to connect with Mr. Norbert to build a path forward for a program to support farmers in this way. I look forward to working with him in the limited time we have before a work session to see where we might find a workable solution for both farmers and FAME. FAME oversees many programs with DACF, and I know, understands the criticalness of these sorts of investments during these times of contraction within the industry.

In an effort to have more time to work collaboratively on this issue, I offer to the committee a couple possible scenarios:

- 1) If the committee is in a position to carry this bill over so that I might have more time to bring together interested agricultural industry associations such as the Agricultural Council of Maine, the Potato Board, the Blueberry Commission, and the Maine Dairy Industry Association with FAME and possibly DACF, my intention would be to bring a truly reformative and progressive bill back to the committee. I would ask the committee to consider this bill a potential candidate for being carried over.
- 2) If the committee wanted to reserve their carry over options for other bills. I would offer to strike and replace this bill with a resolve to create a workgroup, crafting the language so as to not incur a fiscal note. The workgroup could be hosted by FAME if they desired, or I could find other potential partners. I would bring together the groups I named above to create strong language for legislative action. The report out could be to this committee and/or the Agriculture, Conservation, and Forestry Committee with either committee being able to report out a bill on the issue if so inclined in 2026. FAME already oversees multiple grant and loan programs in partnership with DACF so there is some legislative crossover. I would be happy to craft the resolve with the help of your analyst.

Thank you so much for your time, and I am happy to answer any questions -