



**Testimony of Shelley Megquier, Policy & Research Director, Maine Farmland Trust, to the 132nd
Legislature's Joint Standing Committee on Agriculture, Conservation, and Forestry
May 8, 2025**

Good afternoon Senator Grohoski, Representative Cloutier, and members of the Committee on Taxation. My name is Shelley Megquier and I am the Policy & Research Director at Maine Farmland Trust (MFT). I am providing testimony on behalf of MFT in support of LD 1699—*An Act to Create a Refundable Tax Credit for Agricultural Enterprises*.

MFT is a member-powered statewide organization that works to protect farmland, support farmers, and advance the future of farming. Our goals are to keep agricultural lands working and help farmers and their communities thrive. Since our founding in 1999, MFT has helped to permanently protect farmland in every county in Maine, amounting to nearly 57,000 acres across 345 farms. Our Farm Network includes more than 550 farms that have participated in MFT's programming either through an agricultural easement or through one of our programs. Our main program areas are Farmland Protection, Farmland Access, Stewardship, Farm Business Planning, PFAS Support, Climate Resilience, and Policy and Research.

MFT believes that the viability of agriculture in Maine is critical to rural economic development, to farmers' ability to keep their land in agricultural production, and to ensuring a vibrant and resilient local food system. But, Maine agriculture is facing significant challenges that threaten the viability of farms and the land base on which they rely. The 2022 Census of Agriculture showed that between 2017 and 2022, more than 82,000 acres of farmland in Maine fell out of agricultural production and we lost over 560 farms.¹ One of the challenges facing farms is a lack of agricultural infrastructure and processing capacity, which can contribute to higher costs of production and limit the ways in which farmers can diversify, grow, and adapt their businesses.

In our work we have seen how Maine farmers need improved infrastructure, processing and other innovative opportunities, on and off the farm and across all agricultural sectors in every part of the state, in order to increase the supply of Maine-grown products, scale up production, reduce costs, and create and access new market opportunities. For instance, the lack of meat processing capacity has been a long-standing challenge for livestock farmers in the state. As Maine's immigrant population grows, so too does the need for religiously and culturally appropriate meat processing, including halal processing. Improved infrastructure for the dairy sector, including processing capacity for value-added products and in proximity to dairy farms, could help dairy producers grow their businesses and lower costs. And the seasonality of fruit and vegetable production in the state requires innovation to produce shelf-stable local products that can feed Mainers and create market opportunities all year long. The lack of food processing infrastructure weakens Maine's food and agriculture economy and serves as a challenge for individual farm businesses that are seeking to strategically grow and diversify their operations.

At the same time, there is enormous growth potential for the food sector in Maine and the sectors that support it like farming. Governor Mills' 10-year economic development strategy identifies the food

¹ United States Department of Agriculture (USDA), National Agricultural Statistics Service (NASS), *Census of Agriculture for 2022, Maine*, "Historical Highlights: 2022 and 2017."

sector in Maine as one of the four areas most ripe for economic development because of the state's current strengths, the growing global demand, and the potential for job creation in that sector.²

Expanding the existing Maine Seed Capital Tax Credit program to include agricultural enterprises will provide Maine farmers and processors an opportunity to invest in needed infrastructure and is a necessary step towards growing this important segment of Maine's economy. As the economic development strategy notes, "[f]rom aquaculture to traditional seafood harvesting to value-added food production, growth is anticipated in these food industries and Maine can benefit greatly by growing our capacity to meet these markets."³ Infrastructure investment will also be necessary to meet the state's 2024 climate action plan goal of increasing the amount of food consumed in Maine from state food producers to 30 percent by 2030, including through the strategy of "strengthen[ing] the viability of Maine farms, fisheries, aquaculture, and other food producers through expanded, equitable, and ongoing access to funding, technical assistance, and processing and distribution infrastructure."⁴ This strategy recognizes the importance of growing our local food sector to ensure food security for the state.

MFT supports LD 1699 because it provides an opportunity to expand Maine's agricultural infrastructure and processing capacity through a tax credit of up to 40% of the amount of cash invested in an agricultural enterprise. This expansion of the Seed Capital Tax Credit program would incentivize investment in Maine agriculture – benefitting all Mainers – and could provide producers with the support needed to expand their enterprises and strengthen food security in Maine.

Thank you for the opportunity to share our support of LD 1699. I'd be glad to answer any questions that arise.

² *Maine Economic Development Strategy (2020-2029): A Focus on Talent and Innovation* (2019) at 14, available at: <https://www.maine.gov/decd/strategic-plan>.

³ *Id.* at 18.

⁴ Maine Climate Council, *Maine Won't Wait: A Four-Year Plan for Climate Action*, p. 116 (2024), available at: <https://www.maine.gov/climateplan/the-plan>.