



HP Hood LLC * Six Kimball Lane * Lynnfield, MA 01940 * (617) 887-3000

May 13, 2025

Joint Standing Committee on Agriculture, Conservation and Forestry
c/o Legislative Information Office
100 State House Station
Augusta, ME 04333

Re: Opposition to LD 473 –

An Act to Implement the Recommendations of the Task Force to Support Commercial Dairy Farms in the State

Dear Members of the Committee,

HP Hood LLC (“Hood”) operates twelve dairy processing facilities in the United States, including a fluid dairy facility in Portland, Maine. Hood supplies fluid and cultured dairy products to many retailers in Maine and in bordering states.

Hood is writing to express strong opposition to LD 473, which proposes a significant increase to the Milk Handling Fee schedule on fluid milk in the state of Maine. While the bill may intend to incentivize specific outcomes, its actual effect will be to further burden Maine’s dairy producers and processors—many of whom are already operating on razor-thin margins—making milk produced in the State of Maine increasingly uncompetitive with counterparts in neighboring states.

Disproportionate Impact on Low-Income Families

Increases to the Handling Fee rates in LD 473 will increase the cost of milk for consumers, particularly low-income families already facing food insecurity. If processors incur higher fees, these costs will be passed along the supply chain to retailers and consumers. For many families, even modest increases in staple food costs can have significant effects on nutrition and health.

The current economic environment finds consumers particularly sensitive to any adjustments in the prices of essential foods.

At Odds with State Policy

Not only does the concept draft bill go against the Dairy Task Force recommendations, it may open the State of Maine to a potential lawsuit, similar to the lawsuit Cumberland Farms Dairies brought against the Commonwealth of Massachusetts in the 1990s. Massachusetts had enacted a

dairy support program similar to Maine's but was not mindful of the program's funding. Legal precedent had established that a State cannot link fees or use taxes applied on products regardless of state of origin with a support program that only benefits farmers in the home state. Such discrimination has been held to violate the commerce clause of the U.S. Constitution. Even if the revenue is deposited into the general fund, it must not have a policy objective of provide funding for an in-state-only support program in order to pass Constitutional muster.

As a result of losing the lawsuit, Massachusetts was forced to dissolve both the revenue stream and the dairy support program the law had established.

Negative Impact on In-State Competitiveness

Maine's dairy industry is already at a cost disadvantage compared to other states in the Northeast due to smaller-scale operations, higher input costs, and logistical challenges. The increase to LD 473's Handling Fee schedule adds yet another layer of financial burden on consumers, potentially decreasing demand. By introducing such an aggressive progression of increasing the Handling Fee at such a high price point, the bill significantly raises the cost of doing business in Maine—without any guarantee of future financial solvency for the state.

Neighboring states like New Hampshire, Vermont, and New York do not have similar Handling Fee systems. As a result, dairy businesses in those states will be better positioned to price competitively, attract new contracts, and expand market share. Maine processors, on the other hand, will be penalized simply for operating within state lines, which further destabilizes their longevity in this tightly consolidated dairy market.

Timing and Federal Policy Conflict

This legislation is especially ill-timed given the impending Federal Milk Marketing Order (FMMO) reform being implemented June 1st, 2025. Nationally, fluid milk processors are preparing for increased cost pressures related to updated minimum pricing formulas, revised make allowances, and broader adjustments that will affect milk handling costs and processor payments. Overlaying LD 473's additional state-based financial hurdles at the same time could create an unsustainable financial climate for Maine dairy processors and the farms that supply them.

Rather than supporting processors and consumers through this transition, LD 473 adds another compliance-based financial obligation. In effect, Maine would be layering state costs on top of new federal ones—placing our dairy economy in Maine at a compounded disadvantage.

Risk to Long-Term Industry Sustainability

Recent data indicates limited growth in fluid milk consumption. In 2024, U.S. dairy producers sold about 0.8% more fluid milk than in 2023, marking the first year-over-year increase since 2009. Factors contributing to this uptick include the affordability of conventional dairy milk compared to plant-based alternatives and a growing consumer preference for higher-protein options. Additionally, sales of lactose-free and lactose-reduced dairy milk grew by approximately 14% over the past year, contributing significantly to a broader resurgence in dairy consumption.

Implementing the increases proposed in the amendment to LD 473 could undermine this positive trend in the State of Maine due to higher consumer prices. This proposal not only risks short-term financial harm, but it also eliminates long-term investment in the industry. Processors and producers alike need regulatory stability and a level playing field to make capital investments, expand operations, and compete regionally. LD 473 introduces further unpredictability into cost structures and creates disincentives to scale or modernize in Maine.

The adjustments outlined in LD 473 will put Maine's dairy industry at a severe competitive disadvantage at a time when the industry needs support, not added pressure.

We urge the committee to reject this concept bill draft in its current form and instead pursue policy solutions that sustain Maine's entire dairy economy and protect our place in the regional dairy market.

Respectfully,

A handwritten signature in cursive script that reads "Rebecca Wallick".

Rebecca Wallick
Senior Director, Supply Chain & Policy
HP Hood