



**Testimony of Shelley Megquier, Policy & Research Director, Maine Farmland Trust, to the 132nd
Legislature's Joint Standing Committee on Appropriations and Financial Affairs
May 15, 2025**

Good afternoon Senator Rotundo, Representative Gattine, and members of the Joint Standing Committee on Appropriations and Financial Affairs. 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 1739, *An Act to Authorize a General Fund Bond Issue to Support Maine's Agricultural Sector, to Create an Agricultural Buildings Property Tax Exemption and to Direct the Department of Agriculture, Conservation and Forestry to Study Barriers to Its Financial Assistance Programs and Study the Potential for a Common Application for Those Programs.*

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 supports LD 1739 because a thriving agricultural economy 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 food system for our state and communities. LD 1739 is comprised of three parts: **Part A** proposes a \$55,600,000 bond initiative to fund a range of agricultural programs and supports; **Part B** proposes an exemption for certain agricultural buildings from property taxation for a 10-year period; and **Part C** directs the Department of Agriculture, Conservation and Forestry (DACF) to conduct a study on the barriers farmers face in accessing the Department's financial assistance programs.

Part A

MFT is especially supportive of this bill's proposal to provide funding for the Maine Agriculture, Food and Forest Products Investment Fund, the Dairy Improvement Fund, and the Agricultural Marketing Loan Fund. We believe agricultural infrastructure investment and support for the state's dairy sector are critical funding priorities for Maine agriculture. We are also generally supportive of funding to support this bill's proposal to exempt certain agricultural buildings from property taxation.

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. The Maine Agriculture, Food

and Forest Products investment Fund (MAFFPIF) was established by the 130th Legislature to facilitate strategic investments in the state's agricultural, food and forest products processing and manufacturing industries, but the Fund has yet to be provided with the financial resources necessary to carry out its purpose and meaningfully move the needle on increasing in-state agricultural infrastructure and processing capacity.

Additionally, the economic viability of dairy farms in Maine is important for Maine's entire agricultural sector and for rural communities across the state. Dairy farms are often described as "anchor farms" because they provide the necessary threshold of business for veterinarians, feed suppliers, and machine suppliers which also support other farm operations. In 2024, DACF created and convened a task force to develop a set of recommendations on how the State can support the long-term sustainability and resiliency of Maine's dairy sector. One of the recommendations from this task force's final report is providing additional funding for the Agricultural Marketing Loan Fund and Dairy Improvement Fund as critical sources of support for financing and capital improvements.¹

MFT is also supportive of a separate bond measure introduced this session by Senator Daughtry, LD 1140, which is also aimed at strengthening' Maine's agricultural economy. Importantly, LD 1140, in addition to proposing funding for MAFFPIF and the dairy sector, proposes making a long-overdue public investment in working farmland access and protection. Protecting farmland is critical for ensuring we have the land base needed to grow our agricultural economy and strengthen food security for our communities, state, and region. But, farmland in Maine is at risk from mounting development pressures, and less than 5 percent of Maine's farmland is currently protected through an agricultural conservation easement - this is the lowest amount of any state in New England. The state's updated 2024 climate action plan *Maine Won't Wait* establishes new targets specific to farmland protection — calling for Maine to secure and commit ongoing, dedicated funding for farmland conservation to double the amount of permanently protected farmland in the state by 2030 and ensure no net loss of farmland in Maine. In order to realize this goal, we need to meet the rapid growth in development pressure across the state with an equally rapid expansion of our farmland protection efforts, especially publicly funded farmland protection. Maine DACF's Bureau of Agriculture, Food and Rural Resources' Working Farmland Access and Protection Program (WFAPP) is a perfect vehicle for dedicated funding to farmland conservation, as it is designed to protect Maine's most productive and economically significant farmland.

MFT strongly believes that any agricultural bond that moves forward this session should include dedicated funding for the WFAPP. We share the same suggestion here that we provided for LD 1140, that language be included that was put forth in the Governor's biennial budget to ensure that WFAPP can receive the funding intended for it by any bond measures.

7MRSA §164, sub-§5 is enacted to read: Funding. A separate nonlapsing, interest-bearing account, administered by the department within the Bureau of Agriculture, Food and Rural Resources, is established in the department to support public-private partnerships to carry out the purposes of the program. The account consists of money appropriated or allocated to it by the Legislature or received from any private or public source.

¹ *Final Report of the Task Force to Support Commercial Dairy Farms in the State*, Recommendation 3.b., p. 13 (Jan 2025). Available at: <https://www.maine.gov/dacf/ag/dairytaskforce/index.shtml>

This language and approach and dedicated funding, if provided, aligns with the recommendations coming out of the Maine Climate Council's Natural and Working Lands Work Group for there to be a well-funded, sufficiently staffed, stand-alone state program or mechanism for farmland conservation in addition to the Land for Maine's future program.

Part B

MFT staff hear regularly from farmers about the challenges posed by the rising costs of property taxes. For many farmers, property taxes for farmland and the agricultural structures needed to support farm operations can be so high as to impact whether or not a farm can remain in business, or may pressure farmers to sell portions of their land for development. Although the State's Current Use Taxation Programs help eligible landowners reduce their property tax burden for open and working lands, for many farmers, a considerable portion of their tax liability may be tied up in their farm's infrastructure. Additional strategies are needed to support farmers in the dramatic increases they are facing in property taxes for both their land and buildings.

We are supportive of Part B's overall aim to provide property tax relief for agricultural buildings; however, given the under-resourced nature of many Maine municipalities, including rural agricultural communities, we believe municipalities should only be required to exempt agricultural buildings from property taxation to the extent that towns are able to recover the lost tax revenue from the State. It is unclear in the bill language if the proposed exemption would be structured in this way. If this proposal moves forward, some of the definitions included in Part B would also benefit from being refined. For example, the definition for 1.A. "agricultural and horticultural use" is focused on livestock activities and horse boarding operations, without inclusion of other types of agricultural production (growing crops, etc.). Additionally, for 1.C. "lands actively devoted to agricultural or horticultural use," the acreage requirements are more restrictive than the acreage requirements for the Farmland tax program, which requires 5 contiguous acres but not all of this land needs to be in active production in order to qualify. MFT would be happy to participate in additional conversations related to this bill or other efforts underway to identify and advance strategies to strengthen property tax relief for farmers.

Part C

This part of the bill is similar to LD 606, which MFT supports, and is a Resolve that directs the Department of Agriculture, Conservation, and Forestry to complete a study on barriers to the available financial assistance programs for farmers and food producers operated through the Bureau of Agriculture, Food, and Rural Resources. MFT's understanding from conversations with farmers and producers is that not everyone is equally informed about available resources and the proposed listening sessions would likely yield additional layers of information to further improve reach, efficiency, and efficacy of these important programs.

Thank you for the opportunity to submit testimony in support of LD 1739.