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In Support of LD 1879: An Act to Support Maine's Agricultural Economy by Increasing Revenue from the Corporate Income Tax and Providing Property Tax Exemptions

Senator Grohoski, Representative Cloutier, and distinguished members of the Taxation Committee:

I appear before you today to strongly advocate for LD 1879, a bill that represents a critical investment in Maine's agricultural future without burdening our working families or small businesses.

This bill proposes a modest 1.07% increase on corporate income over \$3.5 million, bringing the top rate to 10% for our state's largest corporations. To be clear: this only affects corporations earning substantial profits, not our small businesses or family farms that are the backbone of our rural communities.

The revenue generated would be strategically invested to strengthen Maine's agricultural sector through several targeted initiatives:

First, it would fully fund the dairy Stabilization Fund providing critical stability to our dairy farmers who face volatile prices and increasing costs. Maine has lost over 70% of our dairy farms in recent decades. Without this support, we risk losing even more.

Second, it would provide a 100% property tax exemption for agricultural buildings constructed or renovated after January 1, 2026. This incentivizes investment in farm infrastructure—from barns and greenhouses to storage and processing

facilities—without placing additional burden on municipal budgets, as the state would reimburse municipalities for 100% of the exempted tax.

Additional revenue would support:

- The Dirigo Business Incentives Program, providing \$5 million for agricultural business expenditures
- The Maine Agriculture, Food and Forest Products Investment Fund, receiving \$5 million
- The Business Recovery and Resilience Fund, receiving \$2 million dedicated to agriculture
- The Agricultural Marketing Loan Fund, receiving \$1 million
- The Dairy Improvement Fund, receiving \$1 million

As both a farmer and a legislator representing the rural communities of Warren, Union, and Hope, I see firsthand the challenges our agricultural producers face. Maine farmers operate on thin margins while competing with large corporations and out-of-state producers. They need this targeted support to remain viable.

This bill creates a virtuous cycle: our largest corporations contribute slightly more, enabling investments that strengthen rural economies, support local food production, create jobs, and maintain working landscapes. These benefits ripple throughout our economy, ultimately benefiting all Maine people, including the corporations that would pay this modest increase.

The ten-year property tax exemption for new agricultural buildings is particularly transformative. It removes a significant barrier to farm expansion and modernization while ensuring municipalities don't lose needed revenue.

Our farmers face unprecedented challenges from climate change, market volatility, and aging infrastructure. This bill provides critical tools to address these challenges head-on.

I did want to make one correction to this bill. I had intended that the funds cascade through the list of programs you see in the bill, in the order that they are listed. I believe in the final drafting the cascade only occurs after the Dairy Tier is funded. I also did not intend to create an unfunded tax program for agricultural properties. My intent was that the program would only be available as long as revenue from this corporate tax were available, and then it would close to new applications.

I urge this committee to vote "ought to pass" on LD 1879. It represents sound fiscal policy that will strengthen Maine's agricultural sector, support rural communities, enhance food security, and maintain working landscapes for generations to come.

Thank you for your consideration.