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TESTIMONY BEFORE THE JOINT STANDING COMMITTEE ON
AGRICULTURE, CONSERVATION AND FORESTRY

IN SUPPORT OF LD 384

An Act Addressing Agriculture, Conservation and Forestry in Maine

March 20, 2023

Senator Ingwerson, Representative Pluecker, and members of the Joint Standing Committee on Agriculture, Conservation and Forestry, my name is Nancy McBrady, and I am the Deputy Commissioner of the Department of Agriculture, Conservation and Forestry (DACF). I am speaking in support of LD 384, "*An Act Addressing Agriculture, Conservation and Forestry in Maine.*"

The sponsor's amendment strikes and replaces the bill, which is a concept draft. The amendment provides a one-time appropriation of \$5.5 million in SFY 2024 from the unappropriated surplus of the General Fund to the Department of Agriculture, Conservation and Forestry, Maine Milk Commission to provide one-time pandemic volatility payments to Maine milk producers.

It would be difficult to overstate the importance of dairy farms in anchoring Maine's rural communities and agricultural economy. Maine's dairy farm families help feed their neighbors on a daily basis. In our rural communities, dairy farms are making payments and paying wages that are fueling the agricultural economy—the feed store, the tractor dealership—those critical businesses that service the entire agricultural sector. Dairy has a \$2.7 billion impact on the Maine economy, including over \$700 million paid in wages each year. And yet we are losing dairy farms at an alarming rate. We have nearly 1/4 fewer dairy farms today than we did at the beginning of the pandemic.

Earlier this session Julie-Marie Bickford, Executive Director of the Maine Milk Commission, provided a briefing on the challenging state of the Maine dairy industry. Without repeating that presentation, I'll note that market instability, labor shortages, inflation, limits on milk production, supply chain delays, and distribution disruptions are just some of the forces driving Maine dairy farmers out of business. Unlike other types of agriculture, dairy farms cannot pivot quickly when challenges arise, and most have absolutely no control over the price they are paid in both the short and long term. As we lose dairy farms, it threatens the viability of other dairy producers sharing

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milk routes. A processor must orchestrate routes to maximize the amount of milk they pick up. A route may be considered no longer profitable enough to continue at a certain point, and farms can be stranded without contracts. This particular threat has increased for organic dairy farmers, as there are no commercial aggregators/processors in Maine, and milk is shipped out of state. This is not a theoretical threat but one we have faced recently. The profitability of retrieving milk from Maine and getting it to a processing facility out of state ultimately solidified Horizon Organics' decision, as part of a "network optimization" exercise, to drop all of its remaining farms in Maine in 2022.

The Dairy Stabilization, or Tier, Program has done an excellent job supporting dairy farmers during cyclical, primarily predictable, market swings. What has occurred in the past few years has been extraordinary and severe. Many farmers have been hoping that there would be a leveling out of economic uncertainty, but this prolonged stretch of volatility has driven a number of excellent farms out of business and threatens many more as each day passes. The Department, therefore, welcomes solutions to shore up farm income and help stabilize this vital sector.

This particular proposal is unique. It will provide all dairy farmers a one-time payment for their milk production in the calendar year 2022 at a rate of \$1 per hundredweight. It will provide an economic stimulus to our dairy farmers and the Maine economy, as producers will use the money to pay local vendors for expenses accrued in 2022. This will lessen the overall debt load that is pushing farms to sell their cows and exit the dairy industry.

According to a recent article in Hoard's Dairyman, more than half of the states in the U.S. cannot meet the fluid milk needs of their residents. This includes the Mid-Atlantic region, the Southeast, and part of New England (Massachusetts, Connecticut, New Hampshire, and Rhode Island). However, Maine was listed as a state meeting its population's fluid milk needs. It also is a core supplier of fluid milk for New England through its two processing plants and the region's largest fluid milk plant outside of Boston. Maine dairy farmers are critical in providing food security to our state and region, so any investment in their continued operation is an investment in long-term food sustainability. DACF welcomes solutions such as this amendment to shore up farm income and stabilizes this vital sector.

Thank you for the opportunity to testify regarding LD 384. I'd be happy to answer questions now or at the work session.