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

IN SUPPORT OF LD 1670

An Act to Strengthen Maine's Agriculture, Food and Forest Economy by Funding the Maine Agriculture, Food and Forest Products Investment Fund and Amending Related Provisions of Law

April 26, 2023

Senator Ingwersen, Representative Pluecker, and members of the Joint Standing Committee on Agriculture, Conservation and Forestry, I am Nancy McBrady, Deputy Commissioner of the Department of Agriculture, Conservation and Forestry (DACF). I am here today to speak in support of LD 1670, *An Act to Strengthen Maine's Agriculture, Food and Forest Economy by Funding the Maine Agriculture, Food and Forest Products Investment Fund and Amending Related Provisions of Law*.

The Maine Agriculture, Food & Forest Products Investment Fund was established during the 130th legislature under LD 1733 (P.L. 2021, ch. 483, §§ KK-1-3), *An Act To Provide Allocations for the Distribution of State Fiscal Recovery Funds*; however, funding for this new initiative and essential staffing resources have not yet been allocated, which is what the bill before you today aims to do. We understand the bill appropriates \$20,000,000 per year to the fund as ongoing appropriations that will lapse unless funds are encumbered. It also directs the Department of Agriculture, Conservation and Forestry to establish two positions within the Department. We'd be happy to work with the bill's sponsor and the committee on the structure of those positions before the work session.

The Department is very aware of the critical need for substantial infrastructure investment across Maine's agriculture, food, and forest products sectors, and we greatly appreciate Representative Talbot Ross for bringing LD 1670 forward. Supporting local infrastructure will strengthen our economy by diminishing supply chain vulnerability, fostering business activity, growing opportunities for rural communities, and facilitating climate change resilience.

Following the widespread economic harm and market destabilization perpetuated by the COVID-19 pandemic, a timely and significant investment opportunity exists within Maine's agriculture and forestry sectors. The opportunity for agriculture is evidenced by the rapid

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deployment of over \$18 million in CARES funding in 2020, which motivated the Department to advocate for an additional \$19.8 million in American Rescue Plan Act (ARPA) funding under the Maine Jobs & Recovery Plan. An additional \$20 million in ARPA funds is currently being administered for forestry.¹ Such programs, designed to leverage federal recovery funding, have generated substantial interest. In most cases, programs have been massively oversubscribed. DACF's ARPA-funded Agricultural Infrastructure Investment Program received over 850 applications requesting nearly \$180 million, with just over \$19 million in funds available to disburse. The Department of Economic & Community Development's (DECD) Forestry Recovery Initiative, administered by the Maine Technology Institute, has also received far more requests than can be supported by the available funding pool. Clearly, the investment opportunity far outpaces the amount of state and one-time federal funding currently available.

A good example of what LD 1670 could achieve for Maine can be seen by looking at the impact of the Vermont Working Lands Initiative program. Investment through the Initiative has substantially increased Vermont's agricultural and food economy since it began in 2012. The Initiative's Enterprise Fund has distributed \$13.6 million to agricultural and forestry businesses while catalyzing an additional \$22.5 million in match funding, leading to over 539 new jobs and \$55 million in sales revenue.² Maine and Vermont reflect some common trends, including a fairly similar number of farms selling directly to consumers. However, Agricultural Census data between 2012 and 2017 documents that the market value of agricultural products sold in Maine has decreased (-12.6%), while it has increased in Vermont (+.7%). The average value of products sold per farm decreased in Maine (-6%) while it increased in Vermont (+8.5%). While Vermont's 848 farms in 2017 with direct value-added sales averaged \$58,257, Maine's 870 farms with direct value-added sales averaged only \$29,176. These figures starkly illustrate the opportunity to enhance Maine farms' viability through infrastructure investment that supports value-added production.

In Vermont's forestry industry, the Initiative has supported the needs of businesses, including increasing production capacity, raw materials storage, and facilities upgrades. Service provider grants have also been allocated to support the forestry sector, including a grant in 2019 to the University of Vermont's Extension program to enhance the development of new online resources to highlight and strengthen Vermont's forest economy.

The contours and criteria of the new dedicated fund stewarded by an Advisory Board and administered by the Department have begun in collaboration with the DECD and other key stakeholders and outlined in the *LD 1733 Investment Fund Assessment Report* submitted to the 130th legislature last year. However, without dedicated staff for this program, we cannot progress significantly in this work. To do this work properly, the Department supports the proposal for two FTEs as outlined. We envision a Director of the Fund to be hired to oversee the duties of the board and an associated staff person to provide critical technical and administrative program support. Ongoing resources are needed to properly sustain this effort.

DACF is committed to building upon our experience surrounding financial program development and administration, particularly the Department's grant and loan resources. We can also draw upon our history of collaboration with state agencies, industry groups, funding institutions, and economic development organizations to help guide these important efforts and

¹ S.P. 577 - L.D. 1733; An Act To Provide Allocations for the Distribution of State Fiscal Recovery Funds

² <https://www.workinglands.vermont.gov/history-initiative>

ensure a program design that is rooted firmly in research that assesses the various investment priorities and funding needs within the agriculture, food, and forestry sectors.

In coordination with DECD, the Department will play a central role in directing disbursements from the fund and ensuring its long-term success and viability through ongoing program evaluation.

The Department acknowledges the importance of ensuring that future infrastructure investments are accessible to historically underrepresented or underserved populations, including tribal communities and communities of color. We agree that it is critical to support governance models that reflect the skills, experiences, and racial diversity apparent within the state's food system and natural resource sectors.

In summary, we agree that Maine needs strategic investment in our agriculture, food, and forest products infrastructure. We welcome the opportunity to fully fund this historic investment in Maine agriculture and forestry products.

Thank you for your time. I am happy to answer questions now or at the work session.