March 13<sup>th</sup>, 2024



Senator Henry Ingwersen Representative William D. Pluecker Members of the Committee on Agriculture, Conservation, and Forestry

## RE: Testifying in Support of LD 2256 An Act to Provide Emergency One-time Relief from the Wild Blueberry Tax for Growers in Maine

My name is Eric Venturini, and I am the Executive Director of the Wild Blueberry Commission of Maine.

First, I would like to thank the sponsor, Representative Pluecker, and the cosponsors Senator Black and Representatives Costain, Cray, Guerette, Hall, Hepler, Jauch, and Shaw for supporting us in developing this bill and moving it forward through the legislative process. Thank you.

## Structure of the Wild Blueberry Tax

You need to know 3 terms, "seller," "processor," and "shipper," all of which are defined in MRS Title 36, Ch. 701, §4302 and all of which refer to a person, firm, partnership, association, or corporation (hereafter, "entity").

- "Processor": An [entity] first engaged in the fresh packing, canning, freezing, pressing, grinding, juicing or dehydrating of wild blueberries whether as owner, agent or otherwise.
- "Seller": An [entity] offering unprocessed wild blueberries for sale, either to themselves or to others.
- "Shipper": An [entity] engaged in the shipping, transporting, storing, selling or otherwise handling of wild blueberries either in processed form or as fresh fruit, whether as owner, agent or otherwise.

Wild blueberries processed in Maine or shipped outside of Maine unprocessed, are taxed at a rate of 1.5 cents per pound. Half comes from the "seller" and half comes from the "processor" or the "shipper." If Maine wild blueberries are processed in Maine, the "seller" pays half and the "processor" pays half. If Maine wild blueberries are shipped outside of Maine before processing, the "seller" pays half and the "shipper" pays half. If unprocessed berries are shipped into Maine and then processed in Maine, the processer pays the full 1.5 cents per pound. In all cases the tax is paid solely by Maine businesses.

## Intent and Justification

In LD 2256, we are seeking to leave the portion of the tax paid by the "seller" with the seller in 2024. All taxes paid by Maine shippers or Maine processors would still be paid.

The Maine Revenue Service has raised a technical issue that the bill may be in violation of commerce laws because it taxes Maine berries differently from berries outside of Maine. While I have not seen the



facts of that argument, I put forward for the Committee's consideration the argument that <u>because all</u> <u>of the tax is extracted from Maine businesses</u>, and that no part of the tax is extracted from businesses <u>outside of Maine</u>, that the bill would not be in violation of commerce laws. I also ask that the committee use its best judgment to move our intention forward without risking violation of any federal laws.

I want to make it clear that the economic condition of the wild blueberry industry is at a historic low. We estimate that the average price paid to wild blueberry growers, adjusted by the Producer Price Index, has declined 45% between 2002 and 2022.<sup>1</sup> Last year, most growers paid for the privilege of being a wild blueberry grower. As the price steadily declined, the cost of inputs rose. Critical US farm inputs have increased by 78% over the last 3 years.<sup>2</sup> Many wild blueberry growers in their conversations with me, estimate that their cost of doing business here in Maine may have even doubled in the last 4 years.

I also need to be clear that the work that the Commission engages in to create opportunities for promoting the attributes of wild blueberries and the health benefits of consuming them, to foster and fund impactful wild blueberry research and Extension at the University of Maine, and to strive to represent the voices in our industry both here in Augusta, and in Washington DC, is necessary to identify and find *long-term* solutions to our industry's economic crisis.

In the short-term, however, struggling growers are paying taxes on the volume of production, in a year when their balance sheets are in the red. Instead of the tax coming out of their earnings, the tax in 2023 was added to their debts. It is for that reason that the Commission voted to pursue this legislation.

On behalf of Maine's wild blueberry industry, I ask you to give this bill your full support. Thank you for your time and consideration. I would be happy to answer any questions that you may have.

## About the Wild Blueberry Commission of Maine

The Wild Blueberry Commission (the "Commission) works on behalf of Maine's 512<sup>3</sup> wild blueberry farmers and businesses who grow our iconic wild blueberries on 46,370<sup>1</sup> acres across the state and on Passamaquoddy tribal land. In 2023, Maine produced 74 million pounds of wild blueberries representing nearly 100% of all *wild blueberries* grown in the United States. Our industry contributes an estimated \$361 million dollars<sup>4</sup> in sales to the state's economy each year.

The Commission seeks to create an agricultural business environment that promotes a vibrant wild blueberry community and fosters profitability, innovation, and the social, economic, and environmental sustainability of Maine's wild blueberry farms and food processors across all scales of production.

Sincerely,

Eric Venturini Executive Director Wild Blueberry Commission of Maine Eric.Venturini@maine.edu

<sup>2</sup> US Senate Committee on Agriculture, Nutrition, and Forestry. 2023. USDA Says High Farm Production Costs Not Easing in 2024. July 13<sup>th</sup>, 2023. <sup>3</sup> USDA National Agricultural Statistics Service. 2022. Berries: 2022. Released February 13, 2024. <u>https://www.nass.usda.gov/</u>

<sup>&</sup>lt;sup>4</sup> Camoine Associates. Unpublished Data. Economic and Fiscal Impacts of the Maine Wild Blueberry Industry. WBANA – US, October 2023.



<sup>&</sup>lt;sup>1</sup> USDA NASS average published prices, adjusted by Producer Price to account for inflation. Analysis by Dr. Aaron Hoshide, University of Maine.