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TESTIMONY BEFORE THE JOINT STANDING COMMITTEE ON
APPROPRIATIONS AND FINANCIAL AFFAIRS

NEITHER FOR NOR AGAINST LD 1140

*An Act to Authorize a General Fund Bond Issue to Strengthen the Resilience and Growth of
Maine's Agricultural Economy*

April 10, 2025

Senator Rotundo, Representative Gattine, and members of the Joint Standing Committee on Appropriations and Financial Affairs Committee (AFA), I am Craig Lapine, the Director of the Bureau of Agriculture, Food, and Rural Resources. I am speaking on behalf of the Department of Agriculture, Conservation and Forestry (DACF) as neither for nor against LD 1140, *An Act to Authorize a General Fund Bond Issue to Strengthen the Resilience and Growth of Maine's Agricultural Economy*.

Maine's agriculture and food economy contributes over \$13.5 billion annually to the state, supporting more than 75,000 jobs and thousands of family farms. This vital sector not only feeds our communities but also drives rural economic development, preserves our working landscapes, and maintains Maine's unique agricultural heritage.

This bill would require that the bond funds be appropriated to four separate accounts: the Agriculture, Food System and Forest Products Infrastructure Investment Fund (AFFPIF), the Maine Milk Commission, farmland conservation, and disaster aid for farmers. To that end, I will discuss each of these proposals separately.

The Maine Agriculture, Food System and Forest Products Infrastructure Investment Fund AFFPIF was established during the 130th legislature under LD 1733 to facilitate strategic investments in Maine's agricultural, food, and forest products processing and manufacturing industries, including value-added products. However, the program has not been adequately funded or staffed since its inception, although recently, a multi-year federal grant was secured to provide staffing resources for the Fund program. The bill before you today appropriates \$35,000,000 to the fund. This substantial and sustained funding is essential for the success of these important heritage industries.

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Supporting local infrastructure will strengthen and grow our agricultural and forest-based economy by diminishing supply chain vulnerability, fostering business activity, and growing opportunities for rural communities. It will also enhance our food security and support our state in reaching its climate action plan resilience goals as they pertain to our working lands.

The Fund's Advisory Board, mandated and prescribed by the Legislature, was appointed four months ago and is only just beginning to dive into an abundance of data that will inform its decision-making regarding the Fund's priorities, preferred financial instruments, and application process. The Board has established an ambitious timeline to complete rulemaking addressing the Fund's structure and funding priorities and is meeting regularly to move that work forward expeditiously.

From DACF's experience administering the \$20 million Agriculture Infrastructure Investment Program (AIIP), we know that a highly conservative estimate of the demand for infrastructure investment in the agricultural sector alone exceeds \$160 million. This points to the need for substantial future investment in this Fund to consistently and sustainably meet the infrastructure support needs of the agriculture, food system, and forest products sectors.

The Maine Milk Commission

LD 1140 directs \$5 million to the Maine Milk Commission, which is housed under DACF. While the bill, as written, does not clarify how these funds should be administered, we'd like to point the committee to the **Maine Dairy Task Force Recommendations**¹.

The Maine dairy industry acts as a kind of center of gravity for all Maine agriculture. Because dairy farming is both labor- and capital-intensive, dairy farms have a disproportionate impact on the health of rural communities. Their operations support not just significant payrolls but also many allied businesses, such as feed suppliers and tractor dealers. The Maine Dairy Task Force, established by L.D. 1274 Resolve, was charged with developing recommendations for supporting Maine's dairy industry. Maine dairy farms are crucial to the state's food system and rural economy, providing vital nutritional benefits to Maine people, significant statewide economic contributions, and rural land stewardship that safeguards Maine's environment and supports the state's tourism economy. The number of dairy farms, however, is in steady decline due to highly variable federal milk pricing, high production costs, and broader challenges facing all of Maine's agriculture. The task force's recommendations aim to stabilize Maine's dairy sector, attract new farmers, and support the broader agricultural economy. We would recommend that the Committee consider specifying the Dairy Improvement Fund (DIF), which is an established and well-utilized program, as a potential vehicle for this funding.

Land For Maine's Future/Working Farmland Access Protection Program

The Maine Climate Council's Natural and Working Lands Work Group proposed doubling the permanently protected farmland in Maine by 2030 by annually investing \$20 million in state funding toward the permanent conservation of Maine's farmland, with the goal of protecting at least 7% of the state's presently undeveloped farmland by 2030.

¹ <https://www.maine.gov/dacf/ag/dairytaskforce/docs/dairy-task-force-report-final.pdf>

It is our understanding that the intent of LD 1140 is to direct \$2.5 to the Working Farmland Access and Protection Program (WFAPP) currently housed under the DACF Bureau of Agriculture, Food, and Rural Resources. Therefore, DACF proposes the following language to be included, which aligns with what was put forth in the Governor's biennial budget:

7 MRSA §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.

This account language aligns with the Natural and Working Lands Work Group proposal to establish a well-funded, sufficiently staffed, stand-alone state program or mechanism (in addition to the Land for Maine's Future) to prioritize the efficient flow of farmland conservation resources in collaboration with non-profit and federal partners, and that this program include both traditional easement acquisition as well as seamless support for alternative methods of protecting farmland (Buy/Protect/Support/Sell, community land trust/non-profit acquisitions, etc.).

Disaster Aid for Farmers

Finally, the bill allocates \$2.5 million for “farmer disaster relief.” It is our assumption that this funding would be directed to DACF to administer to farmers impacted by natural disasters or other causes (fires, etc.). Additional information on the scope and contours of “disaster relief” is welcome. Notably, DACF recently submitted a request to the United States Department of Agriculture (USDA) for disaster relief funds allocated by Congress in December 2024 through a dedicated block grant to offset some portion of losses by agriculture, forest landowners, and timber producers impacted by extreme weather events in 2023 and 2024.

Maine estimates that a minimum of \$90 million is needed to offset the widespread weather event losses experienced by Maine's farmers, woodland owners, and forestry operations in 2023 and 2024, including infrastructure damage and product loss. Maine's estimated losses represent a significant percentage of the \$220 million recently allocated for this purpose by the Congressional Continuing Resolution for distribution among the six New England states plus Hawaii and Alaska. Given the losses experienced by other eligible states, DACF believes that federal funding alone will not meet Maine's needs.

The funds envisioned in this bond bill are not reflected in any of the Governor's current proposals. That said, we wanted to help put into context the positive impact funds like these could have on Maine's heritage industries and rural communities.

We thank Senator Daughtry for putting this bill forward and for allowing the department and stakeholders to have this important discussion today. We'd be happy to answer any questions now or at the work session.