



# CHERRYFIELD FOODS, INC.



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Testimony in Support of LD 1386 An Act to Provide Emergency One-time Relief from the Wild Blueberry Tax for Sellers in Maine and Partial Relief for Processors and Shippers

**Good Afternoon Senator Grohoski, Representative Cloutier, Distinguished Committee Members. I am David Bell and I work for Cherryfield Foods Farm, a grower of Maine Wild Blueberries. We work with dozens of growers and wild blueberry landowners. We are based in Cherryfield and farm in Washington County and eastern Hancock County. We also process and ship Individually Quick Frozen (IQF) wild blueberries.**

**We appreciate Representative Strout introducing LD 1386. I have worked in Maine agriculture for 40 years, the last 30 in the Wild Blueberry business, including 20 years for the industry. I am here to improve the function of the industry.**

**We support tax change on growers (sellers) who sell into the traditional Individually Quick Frozen (IQF) market. 98% of Maine's wild blueberries are sold into the traditional IQF market, 2% are sold fresh, fresh frozen. Note, we do not believe as written, that this bill provides tax relief for processors or shippers as the title suggests, and we are ok with the focus on sellers (growers).**

**Cherryfield Foods, Inc. is also testifying in support of change to the Wild Blueberry Tax statute such that Wild Blueberry Commission of Maine (WBC) represents the majority business interests of the industry and other sectors are well represented.**

**Last week Executive Director of the Commission, Eric Venturini suggested to me we should focus on rebalancing the makeup of the Commission. Change is needed in WBC membership to ensure representation for small growers producing traditional IQF fruit, 98% of the volume. Only you, the Legislature can affect that change.**

I am a member of the Wild Blueberry Commission and worked for it years ago. In 1997 I supported the industry in its efforts to update the organization of the WBC.

## **Wild Blueberry Commission Membership.**

Personally, I can have effective one on one conversations with the Commission members. **The problem with the current makeup of the Commission is the majority of the business interest of grower members is the Fresh, Fresh Frozen, and Organic business which is 2-3% of the wild blueberries grown, illustrated in Table 1 (next page). It is wonderful that these growers have a profitable niche. However, it does not result in the interest of growers in the IQF business being**

represented because the primary interests of growers on the Commission is not the traditional IQF market.

**Some of the key points in table 1 included.**

- **Current grower members have a different business interest (see green boxes) than traditional IQF producers (blue boxes)**
- **98% of Maine's Wild Blueberries go into the Individually Quick Frozen (IQF) market**
- **About 2% of the berries go into the Fresh, Fresh Frozen and other value added market**
- **4 of the 5 "grower" members on the WBC have a primary business focus on growing and processing Fresh, Fresh Frozen, organic IQF (See green boxes)– not the traditional IQF market**
- **Currently, none of the 5 "grower" members on the WBC have a primary business focus of traditional IQF producers, 98% of fruit grown (some do currently have an organic IQF focus)**

The purpose of crop groups established by the Legislature is to support the business interests of a natural resource sector. It is 100% fine that individuals in the Fresh, Fresh Frozen, and organic market have a different business interest. It is wonderful that growers in these sectors are more profitable, however, over the last ten years, most all growers (small and large) in the IQF business have only made decent money one year. We have different priorities than the Fresh, Fresh Frozen, Organic and other value added niches. Business survival is a key one.

**The Legislature adjusted the membership of the Wild Blueberry Commission of Maine in 2019 (Title 36 section 4312-C, paragraph 3. Membership). Current statute states membership must be "representative of the wild blueberry industry". The current makeup of the grower membership of the WBC is "not representative of the industry." The majority of the IQF growers we work with Downeast feel their business interests are not represented.**

Current grower representatives do not have the same interests as their focus is generating revenues in markets such as Fresh, Fresh frozen, and other value added markets. Cherryfield Foods supports change related to the Wild Blueberry Tax statute Chapter 701. The business interests of growers selling into the ICM Individually Quick Frozen (IQF) market is unbalanced today on the WBC. Many IQF growers in Downeast Maine do not feel their business interests are represented by the current makeup of the Commission.

### **What is the solution?**

I have developed options for organization of the wild blueberry industry for the Committee to consider. **Option 1 in Appendix A provides for the most robust WBC representation for the traditional IQF business and the growing Fresh, Fresh Frozen, and Value Added (including organic) sectors. This solution ensures**

ICM, Individually Quick Frozen Fruit (IQF), about 98% of pounds grown, Average wild blueberry tax revenue: \$ 1,288,500  
 Fresh Pack, Fresh Frozen, and/or Organic Individually Quick Frozen Berries, about 2% of pounds grown, tax revenue: \$ 25,770

\* Tax Revenue Estimate based on Maine crop of 79 million pounds, and 7 million pounds fresh ICM fruit imported for IQF processing

Table 1			WILD BLUEBERRY COMMISSION OF MAINE										
MEMBERSHIP, GROWING AND PROCESSING INTERESTS													April 2025
ICM=Integrated Crop Management IQF= Individually Quick Frozen			GROWING INTERESTS				PROCESSING INTERESTS						Farm Name
													(Processing Interests)
			ICM Fruit for IQF	Organic Fruit for IQF	ICM Fruit for Fresh Pack, Fresh Frozen	Organic Fruit for Fresh Pack, Fresh Frozen	IQF ICM Fruit	IQF Organic Fruit	Fresh Pack ICM Fruit	Fresh Pack Organic Fruit	Fresh Frozen ICM	Fresh Frozen Organic	
Name	WBC Position**	Growing Area											
Lisa Hanscomb	Chair, Grower Member	Roque Bluffs	X		X		X		X		X		Welch Farms
							Wymans						(Fresh Pack Line)
Marie Emerson	Grower Member	Addison			X				X		X		Wescogus Blueberries
													(Fresh Pack Line)
Laura Flannery	Grower Member	Charlotte		X		X		X		X			Blue Ox Blueberries
								Merrill					(Fresh Pack Line)
Nicolas Lindhom	Grower Member	Blue Hill Peninsula		X		X		X		X		X	Blue Hill Berry Co.
								Merrill					(Fresh Pack + Frozen)
Cary Nash	Grower Member	Appleton		X				X					Nash Farms, Inc.
								Merrill					
Tiffany Linscott	Vice Chair Processor Member	Hancock County Plus	X					X	X				Merrill Blueberry Farms
													(IQF Processing)
Simeon Allen	Processor Member	Hancock Co.	X					X					WR Allen, Inc.
													(IQF Processing)
David Bell	Processor Member	Washington + Eastern Hancock Co.	X					X					Cherryfield Foods
													Farms, Maine Wild Blueberry Company
													(IQF Processing)
Darin Hammond	Processor Member	Mid-Coast - Washington Co.	X					X					Wyman's
													(IQF Processing)

\* Crop size from Umaine Cooperative Extension web site, based on USDA NASS data and estimated imports.

\*\* For tax purposes 7 members are grower processors (pay tax on berries grown and processed), one member is a grower (only grower tax)

traditional IQF grower representation and a business focus for other wild blueberry sectors. Benefits include:

- ✓ Balance between traditional IQF growers and IQF processors is restored.
- ✓ The Commission is structured for flexibility balanced with the number of IQF processors and growers willing to participate.
- ✓ An entity focused on Fresh, Fresh Frozen and other Value Added Processing is statutorily established with a large enough group to include the diversity of the sector. Organic could be included too depending on their priority.
- ✓ The fresh, fresh frozen and organic sector can establish (with the Legislature's support) the level of taxation they want (same, increase, decrease).
- ✓ The Fresh Pack and Value Added entity would have the surety of the tax funds they contribute going to their priorities.
- ✓ The Fresh Pack and Value Added entity has full administrative independence from the Commission and full control of their tax contributions. In short, full autonomy.
- ✓ The Commission and the Fresh Pack and Value Added entity can still collaborate on any item that is mutually beneficial to the industry sectors.

Cherryfield Foods 100% supports any producer doing the hard work of growing and selling fresh, fresh frozen and/or organic wild blueberries. The more berries sold in these channels the better. However, the business needs of these grower-processors are very different than the challenges of growers and processors in the traditional IQF wild blueberry market which is an international market competing against excess cultivated blueberries being IQF frozen. **It has become apparent to me based on comments made at Commission meetings over the last 5 years that grower-processors in the fresh, fresh frozen business have a very different business focus (which is fine) than our IQF wild blueberry producers.**

### **Wild Blueberry Tax Rate**

The Commission conducted a grower tax survey. **None of the questions ask growers if they are getting value for their tax dollars.** Yes, we hear support for the functional areas the WBC programs have been engaged in, but we are hearing loud and clear from just about all growers they are not getting value. Two very different questions. Yes, they support research and Extension at UMaine, however, they question the value received over the last 6-7 years in terms of new recommendations. There are large concerns over the value of funds invested in promotion and marketing.

CFI would support any tax rate the Maine Fresh, Fresh Frozen, and other 1<sup>st</sup> order processors would like to have imposed on themselves (increase, decrease, same). It does not have to be the same rate as non-organic IQF berries. The Legislature could just reduce the tax on growers of non-organic IQF fruit if other industry sectors want the tax the same or increased.

CFI supports a reduction in the grower (seller) portion of the Wild Blueberry Tax. We heard a strong majority of the IQF growers we work with express over the last 3-4 years concerns that they are not getting good value for their tax dollars.

Some growers say eliminate the blueberry tax, others say keep it as is. **There is a large bubble in the middle that supports a significant reduction or elimination of the grower tax.**

**CFI supports elimination of the tax on IQF growers, retaining 100% of the IQF processor tax and focusing on grower research and public policy, with IQF seller focusing on developing their niches.**

**I supported a 5 year pause in the grower tax at the Commission, then increasing the seller tax to \$0.0025 per pound, bringing the total tax to \$0.01 per pound providing a window for the WBC to create a high level of value for producers for dollars spent. The advantageous level of investment could then be assessed at that point in time. The tax was raised in 2001 with a specific objective, differentiate wild from cultivated blueberries.**

**Note:**

**The cultivated tax is currently \$0.009 per pound, less than 1 cent. Total Maine tax 1.5 cents**

**IQF grower and processors pay tax on uncleaned berries (taxed of field debris) which can increase the tax on salable fruit by 15%.**

I have been advocating at the Commission for better focus with monies invested. I have also expressed concerns about execution of programs (not the Legislature's concern), a management issue. Over the last couple of years I have suggested that the industry needs to pare back, regroup, and refocus.

Staff has suggested we can raise more tax dollars and compete with cultivated blueberries. This is folly as their ability to raise monies is more than ten times Maine's capacity (Appendix B). The tax would need to be raised by 13-20 cents per pound.

The wild blueberry IQF market is developing to niches, a good thing. While there is a need for a base level of wild blueberry promotion (providing we have the capacity to execute well); going into the future, sellers need to develop their respective niches. Appendix B contains some information related to common myths related to the traditional IQF wild blueberry market.

I stand ready to work with the Committee to ensure the majority of wild blueberry growers have input into opportunities and issues of importance to IQF wild blueberry growers and other processing niches have a viable entity to support their businesses if they choose.

**We request that Taxation Committee address the representation imbalance on the Commission related to small growers producing for the traditional IQF market and related taxation.**

Thank you

Appendix A (LD 1386 testimony)

Appendix B (LD 1386 testimony)

## **SOLUTIONS to REPRESENT THE DIVERSITY of MAINE'S WILD BLUEBERRY PRODUCERS in INDUSTRY COLLECTIVE EFFORTS**

### **OPTION 1.**

- Redefine the "grower portion" of the Wild Blueberry Commission of Maine (WBC) membership such that growers appointed primarily have a business interest in the individually quick frozen market (IQF) and one grower also produces organic IQF wild blueberries (or include organic in the Fresh Pack and Value Added Entity).
- Balance the Commission with an equal number of IQF "grower" members and IQF "processor" members as agreed at the Legislature in 2019. Establish a board maximum of 10 total members and a minimum of 6 total members.
- Fresh Pack and other 1<sup>st</sup> order processing (non IQF-1<sup>st</sup> order processing) has its own independent entity established in statue to focus on non IQF wild blueberry business interests (fresh, fresh frozen, and other value added processed fruit) providing these sectors of the industry are interested in a focused organization.
- This fresh, fresh frozen and valued entity is fully responsible for its own administration.
- A tax rate requested by the fresh, fresh frozen, value added business (organic too?) is set by the Legislature and an allocation of this revenue is guaranteed by statue to it.

### **Benefits**

- ✓ This solution ensures traditional IQF grower representation.
- ✓ Balance between traditional IQF growers and IQF processors is restored.
- ✓ The Commission is structured for flexibility balanced with the number of IQF willing to participate.
- ✓ An entity focused on Fresh, Fresh Frozen and other Value Added Processing is statutorily established with a large enough group to include the diversity of the sector. Organic could be included too depending on their priority. (Only if the sector wishes to organize.)
- ✓ The fresh, fresh frozen and organic sector can establish (with the Legislature's support) the level of taxation they want (same, increase, decrease).
- ✓ The Fresh Pack and Value Added committee would have the surety of the tax funds they contribute going to their priorities.
- ✓ The Fresh Pack and Value Added entity has full administrative independence from the Commission and full control of their tax contributions. In short, full autonomy.
- ✓ The Commission and the Fresh Pack and Value Added entity can still collaborate on any item that is mutually beneficial to the industry sectors.

### **Challenges**

- The Commission and new entity would have to focus for a few months to organize and reorganize, however, this is just an administrative function that has been done before.

### **OPTION 2.**

- Redefine the "grower portion" of the Wild Blueberry Commission of Maine (WBC) membership such that growers appointed primarily have a business interest in the individually quick frozen market (IQF) and one grower also produces organic IQF wild blueberries (or include organic in the Fresh Pack and Value Added Entity).
- Balance the Commission with an equal number of IQF "grower" members and IQF "processor" members as agreed at the Legislature in 2019. Establish a board maximum of 10 total members and a minimum of 6 total members.
- A "Fresh Pack and Value Added Committee" is established in statue to focus on non IQF wild blueberry business interests (fresh, fresh frozen, and other value added processing). The WBC currently has an active committee.

- A tax rate requested by the fresh, fresh frozen, and value added sectors is set by the Legislature and an allocation of this revenue is guaranteed to the "Fresh Pack and Value Added Committee" in Title 36 section 4311-A (Appropriations of money received) less costs of administering the committee, program management, record keeping, and annual audits by the Commission.

#### Benefits

- ✓ This solution ensures IQF grower representation.
- ✓ Balance between growers and IQF processors is restored.
- ✓ A committee focused on Fresh, fresh frozen and other value added processing statutorily established with a large enough group to include the diversity of the sector.
- ✓ The fresh, fresh frozen and other value added sector can establish (with the Legislature's support) the level of taxation they want (same, increase, decrease).
- ✓ The fresh pack and value added committee would have the surety of the tax funds they contribute going to their priorities (less any administrative and program management costs incurred by the WBC).

#### Challenges

- The Fresh, Fresh Frozen, and Value Added Committee is not in full control of its costs as the Commission is still ultimately responsible for the administration of the committee.

#### **OPTION 3.**

- Redefine the "grower portion" of the Wild Blueberry Commission of Maine (WBC) membership such that growers appointed primarily have a business interest in the individually quick frozen market (IQF) and one grower also produces organic IQF wild blueberries (or include organic in the Fresh Pack and Value Added Entity).
- Balance the Commission with an equal number of IQF "grower" members and IQF "processor" members as agreed at the Legislature in 2019. Establish a board maximum of 10 total members and a minimum of 6 total members.

#### Benefits

- ✓ This solution ensures IQF grower representation.
- ✓ Balance between growers and IQF processors is reestablished.

#### Challenges

- The problem with this solution is that it would be very difficult to have robust representation of the fresh, fresh frozen, and other value added processing with a couple of members also focused on IQF markets.
- Fresh, fresh frozen and other value added producers would likely have concerns that they may not receive their fair share of attention and budget allocations from the Commission.

## **Common Falsehoods – Related to Promotion of Individually Quick Frozen, Maine Wild Blueberries**

- 1. The tax on Maine Wild Blueberries should be kept the same or increased to compete with frozen cultivated blueberries.**
  - Over \$20 million has been invested in Wild Blueberry promotion to differentiate from cultivated blueberries which has not been successful in the last 10 years.
  - In 2001 the industry worked with the Legislature to increase the Wild Blueberry tax by \$0.005 per pound with agreement with growers that \$0.01 per pound, close to a million dollars per year would be invested in promotion through the Wild Blueberry Association of North America, US.
  - The tax was raised as at the time the cultivated blueberry industry was forming the United States Highbush Blueberry Council (USHBC) and it was projected they would raise \$1.5 million dollars.
  - Today the USHBC has a budget of \$19,300,000 compared with a Commission budget of \$1,900,000 ten times more.
  - Some have suggested raising the Wild Blueberry Tax to compete with cultivated blueberries, USHBC. **To match their budget the tax would need to be raised by 20 cents per pound.** To match two thirds would be a tax increase of 13.3 cents per pound.
  - It is crazy to think raising the tax to compete with cultivated is a smart move. Marketing and sales by industry sellers needs to be targeted. IQF sellers are developing their own niches.
- 2. For 20 years Canada drove the promotion and marketing decisions of the Maine Wild Blueberry industry.**
  - False: Maine (through the Wild Blueberry Association of North America US) working with promotion and marketing agencies developed a domestic promotion program. Maine determined the US promotion programs. The Canadian industry was then given the option to fund specific program elements.
- 3. If Maine had decided to promote Maine Wild Blueberries nationally 30 years ago, there would be a Maine brand resulting in higher revenues to Maine IQF growers and processors.**
  - False: 30 years ago IQF wild blueberries were primarily an ingredient. Wild Blueberries grown in eastern Canada are the exact same fruit, so there is no additional value in terms of taste, ingredient performance etc. Buyers are educated, they know there is no difference in the fruit. Marketing produce by origin is old thinking in mass markets.
  - There has been success in recent decades building a retail business for Wild IQF fruit. Maine Wild Blueberry Company has marketed Maine Wild Blueberries for close to 4 decades. It has only one customer, a regionally based grocery store chain, internationally owned, with Maine roots, that sells frozen Wild Blueberries with Maine on the bag. Volume is a very small percentage of total fruit handled. If we only sold to customers that label Maine, there would have been no Maine IQF business decades ago.
  - Yes, "Maine" sells in Maine, and somewhat in the New England region for fresh Maine Wild Blueberries.
  - In the grocery trade, fruits and vegetables are now rarely market based on origin. Apples are no longer marketed as "Washington State", but by variety. Russet potatoes are rarely marketed as "Idaho Potatoes" as they were in the 1960s and 70s. (Caribou russet is a named, Maine developed variety grown at other locations besides Caribou.)
  - The current trend in berry marketing is named proprietary varieties with bred attributes such as taste and high sugar for the consumer, not marking by origin.



**4. If we shut the border to Canadian wild blueberries, Maine IQF wild blueberry producers would thrive.**

- The truth is, in a small crop year such as 2020, Maine Wild Blueberry Company could not supply all company US IQF Wild Blueberry customers based on the berries we and our growers produced in Maine. Customers who buy many millions pounds would be lost, likely to cultivated, exacerbating marketing and sales of IQF Wild Blueberries produced in Maine.
- Large customers expect stable supply.
- Loss of markets only hurts grower revenue in large crop years and over time.