

April 23<sup>rd</sup>, 2025

Senator Grohoski Representative Cloutier Members of the Committee on Taxation

RE: Opposition to 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

My name is Eric Venturini, and I am the Executive Director of the Wild Blueberry Commission of Maine. The Wild Blueberry Commission (the "Commission") works on behalf of Maine's  $512^1$  farms who grow wild blueberries on  $47,600^1$  acres across the State. In 2024, Maine produced approximately 85 million pounds of wild blueberries representing nearly 100% of all *wild blueberries* and approximately 10% of all *blueberries* grown in the US. Our industry contributes \$361 million dollars to the state's economy annually and is the only state with significant commercial production of wild blueberries.

The Commission is a public instrumentality of the State whose work is funded by an industry tax. In total, 1.5 cents are levied for every pound of wild blueberries grown or processed in Maine. Sellers (growers) pay  $\frac{3}{4}$  of one cent per pound. Processors and shippers also pay  $\frac{3}{4}$  of one cent per pound. A business that both grows and processes wild blueberries is responsible for the entire 1.5 cents per pound. Over the past 5 years, the wild blueberry tax has collected from \$808,359 (in 2020) to \$1,661,917 (in 2021), averaging \$1.27M over the 5-year period.

With this funding, the Commission develops and carries out programming in line with its Mission:

"...[T]o conserve and promote the prosperity and welfare of this State and of the wild blueberry industry of this State by fostering research and extension programs, by supporting the development of promotional opportunities and other activities related to the wild blueberry industry." MRS Title 36, Ch. 701, §4301

Its Vision:

An agricultural business environment that promotes a vibrant wild blueberry community and fosters

<sup>&</sup>lt;sup>2</sup> Camoine Associates. Unpublished Data. Economic and Fiscal Impacts of the Maine Wild Blueberry Industry. Wild Blueberry Association of North America – US, October 2023.



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profitability, innovation, and the social, economic, and environmental sustainability of Maine's wild blueberry farms and food processors across all scales of production

The Commission determines its plan of work annually based upon a robust strategic prioritization process that includes three grower listening sessions held around the state biennially, occasional grower surveys, and public meetings of the Commission.

#### State of the Industry

The wild blueberry industry today faces unrelenting challenges. Our biggest competitor is the cultivated blueberry industry which has more than doubled in size over the past 10 years and by some projections is expected to double again in the next five. We face stiff competition from Canadian grown wild blueberries. Twenty years ago Canada had similar levels of production to Maine. Today Maine produces only 25 to 33% of total wild blueberry crop, with the rest grown in Canada. This competition and a surplus of global blueberry supply exerts downward pressure on the entire market, and the loss of profitability is felt by all.

A recent publication by the University of Maine<sup>3</sup> indicates that the cost of producing 1 pound of wild blueberries ranges from \$0.42 to \$0.76 per lb. In 2023, the USDA National Agricultural Statistics Service's annual survey<sup>4</sup> indicated that most growers received a field price of \$0.52 per pound. Market indicators like import pricing for frozen wild blueberries give us no reason to be optimistic that conditions were better in 2024, although we do not yet have published data to refer to. To make matters worse, inflationary pressure increased input costs by 78% over a recent 3-year period,<sup>5</sup> and some growers report that costs may doubled over the last 5.

Despite these challenges, wild blueberries are healthy, they are Maine, and they have the best story of origin and heritage than any other fruit in the US. There are paths forward that can help this industry resolve these issues, but only if the entire industry is willing to come to the table with an open mind and a willingness to work together.

#### Reassessing the Wild Blueberry Tax

In 2023 the Commission first started discussions about the wild blueberry tax and debated the question of lowering (or not) the tax. The Commission determined that the best approach was to survey the industry on the issue. The survey was developed across several public meetings and distributed in 2024 during grower listening sessions, field day events, and through the mail. Respondents filled out the survey after hearing a presentation about how the tax is used, taking part in industry discussions about Commission programs and activities, and/or receiving an Annual Report on our activities in the mail. This ensured that respondents had a basic understanding of what the tax is used for. We received 44 usable survey responses. Eighty-eight percent of the respondents indicated that they are growers that sell to a processor and 27% operate their own cottage industry processing line (aka: fresh packers). Note the overlap as many fresh packers also sell to a processor. Respondents also included field managers, IQF processors, and value-added producers.

We posed 13 different questions to establish who our respondents were, the value and importance of our major programs and activities, and most importantly, question 11:

The wild blueberry tax rate is currently 1.5 cents per pound. Would you like the tax, and the level of

Northeastern Regional Field Office.

5 US Senate Committee on Agriculture, Nutrition, and Forestry. 2023. USDA Says High Farm Production Costs Not Easing in 2024. July 13, 2023.



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Commission activities that it supports, to be higher, the same, lower, or other.

Thirty-two respondents indicated that the tax should stay the same, one respondent suggested that it should be higher. If we 'bin' these responses together, 75% of respondents were supportive of the tax.

Despite the survey, In December of 2023 a Commissioner proposed a *one-year* reduction in the grower portion of the tax due to low profitability, citing the reality that due to market conditions producers were paying money for the privilege of growing wild blueberries – and that the per pound wild blueberry tax was then levied on top of a loss. At the time and after much discussion the Commission supported the motion and Representative Pluecker sponsored a bill identical to LD 1386 last year which died in last session's end of session bottleneck.

This year, however, the Commission decided not to pursue this bill and did not approach any sponsors. When we learned of the bill title we opened conversations with the Sponsor. The Commission voted in January not to support Representative Strout's bill by a vote of 6 to 3. Concerns raised during that meeting included that a temporary pause in the grower portion of the tax is not enough to make or break a business, that we should spend our limited time on issues that could permanently support profitability in the industry without reducing the Commission's ability to resolve industry challenges, and that changes to federal funding may require us to support University of Maine wild blueberry R&D at a significantly higher level and we should have reserves available to do that.

#### Impact of the Wild Blueberry Tax

The wild blueberry tax supports a wide array of programs and activities that fall into three categories, supporting opportunities for promotion, fostering research and development, and state and federal policy. Highlights from some of our work in recent years include:

- In January of this year the United States Department of Agriculture (USDA) opened applications and issued relief payments to specialty crop producers (including wild blueberry producers). When first announced, USDA guidance precluded sellers of frozen fruit. We led the charge nationally to revise and reissue this guidance to ensure that wild blueberry producers were considered eligible, which was successful. Returns varied, but it seems that most producers who applied for this relief received a payment that at least offset their wild blueberry tax.
- In October of 2024 we received notice of an award through the USDA for \$15.5 million for sustainable water source development, irrigation, and drought resistance. Although currently under review, seventy-five percent of the award is slated to go directly to producers to pay for water sources, pumps, pipes, irrigation systems, and a practice called whole-field mulching. This award is twice what the industry has paid in wild blueberry taxes over the past 5 years.
- In 2024, the Commission through ongoing guidance and an annual call for proposals, awarded \$205,848 to University of Maine wild blueberry researchers. Researchers leveraged this funding and industry support to generate an additional \$23 to support wild blueberry industry R&D priorities for every \$1 invested from the industry tax in 2024.
- In 2023 the Commission supported, through its School Nutrition Program and other work, the sales of \$19.5 M of frozen wild blueberries to schools and food pantries across the country, representing about 16% of the total Maine crop for the year. In 2022, the Commission invested \$82k to support the sale of frozen wild blueberries to US schools, generating \$6.1M in industry sales for a 2022 program ROI of \$73.57 for every \$1 spent.
- In 2020 we developed Wild Blueberry Weekend, now in its 5<sup>th</sup> year and supported its development with a \$100,000 a USDA grant through the Maine Department of Agriculture, Conservation and



Forestry. This year, we are expecting 17 farms to open their doors to visitors during the weekend, build customer loyalty, sell products, and help spread the wild blueberry story.

#### Conclusion

The wild blueberry industry faces serious economic headwinds, but solutions lie in unity and strategic investment—not cutting the programs that continue to support recovery and growth. Based on the Commission's vote and the wild blueberry tax survey results, I respectfully urge a vote of **Ought Not To Pass** on this bill.

Thank you for the opportunity to speak on this matter. I would be happy to try and answer any questions that you may have.





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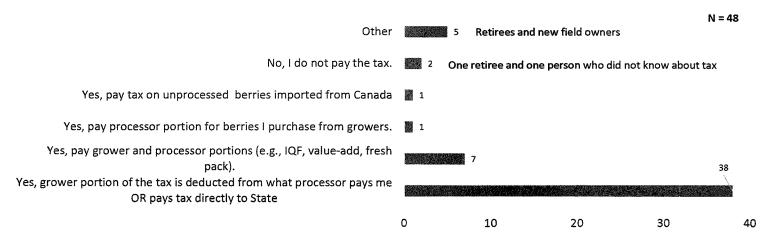


# 2023/24 Wild Blueberry Grower Tax Survey RESULTS

September 26, 2024
Public Meeting of the Wild Blueberry Commission of Maine



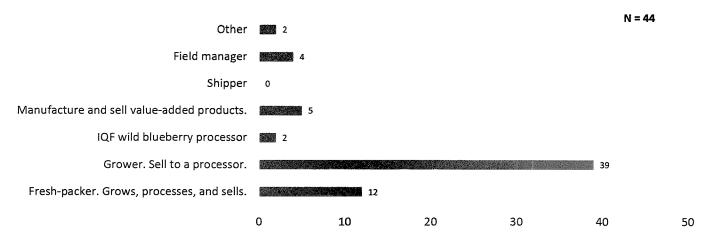
#### Respondents by Tax Payment (Q1)



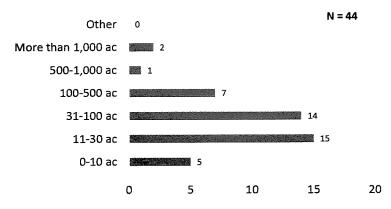
Note: 4 respondents removed from additional analyses because they never have paid the tax, or have retired.

(Respondents chose all that apply)

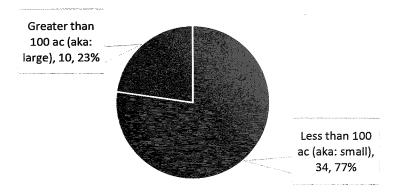
#### Respondents by Business Model (Q2)



#### Respondents by Acreage (Q3)

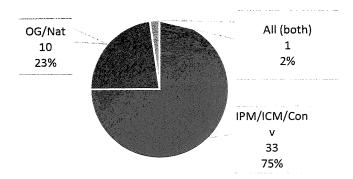


#### Q3 Acreage Responses Binned (<100 ac, >100 ac)

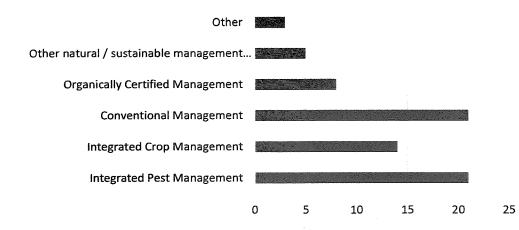


## Q4 Mngmt Responses Binned

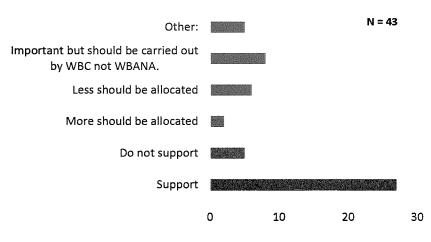
(IPM/ICM/Conv, OG/Nat, or Both)



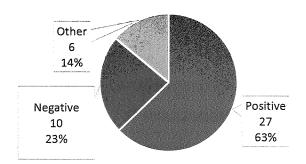
#### Respondents by Management (Q4)



#### WBANA-US Promotion and Marketing Allocation (Q5)



#### Q5 WBANA Promotion Responses Binned (Positive, Negative, Other)



**Q5**: The Wild Blueberry Commission of Maine currently invests 40-46% of blueberry tax dollars in the Wild Blueberry Association of North America - US (WBANA - US), to carry out promotion and marketing. This investment amounts to a tax of between 0.60 to 0.70 cents per pound (\$0.006 - 0.007 / lb) of wild Blueberries. Please select any and all responses that represent your opinion.

"I don't see how this use of the tax benefits the grower. Over the 30 years that I have been involved in the industry the grower's piece of the total value just keeps decreasing." — Small grower suppling IQF market using IPM practices

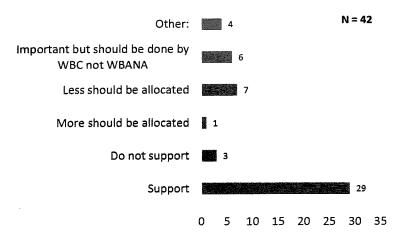
"Industry economics are increasingly challenging grower viability. We need demand - Building programs, that work, and can be deployed as needed in the marketplace.

Demand = growth in sales" – Small grower supplying IQF market using conventional practices

Growers that were larger, supplied IQF processors, and employed IPM/ICM/conventional methods tended to be more supportive of this allocation than others.

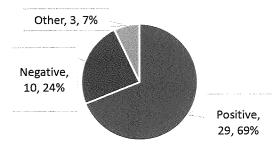
**Q6:** The Wild Blueberry Commission of Maine currently invests 10-20% of blueberry tax dollars in the Wild Blueberry Association of North America - US (WBANA - US), to carry out health research. This investment amounts to a tax of between 0.15 to 0.30 cents per pound (\$0.0015 - 0.0030 / lb) of wild blueberries. Please select any and all responses that represent your opinion.

#### WBANA Health Research Allocation (Q6)



#### **Q5 WBANA Health Research Binned Responses**

(Positive, Negative, Other)



"Screw Canada" – Large diversified grower using IPM/ICM/Conventional practices.

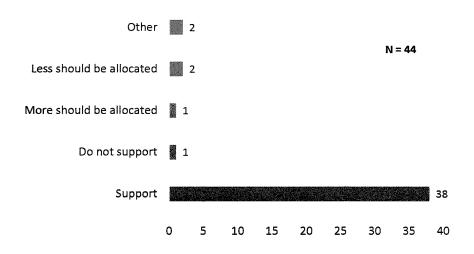
"Again, zero benefit to the grower" – Small IQF supplier using IPM practices.

"Already have enough health claims. Need to build this into a marketing campaign to grow sales." – Small IQF supplier using conventional practices.

"I am a health care worker so I support this." – Small diversified Organically certified producer.

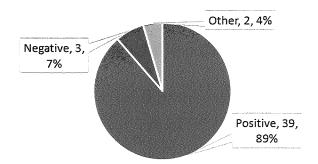
Growers that employ organic or natural practices are more supportive (100% supportive, n=9) than producers using IPM/ICM or conventional practices (63% supportive, n=32)

#### Staffing Allocation (Q6)



**Q7:** The Wild Blueberry Commission of Maine currently allocates approximately 15-18% of blueberry tax dollars to staff salaries and payroll. These funds pay for payroll processing, three permanent positions (including benefits for two), and 1-2 student employees. This investment amounts to a tax of between 0.22 to 0.37 cents per pound (\$0.0022 - 0.0033 / lb) of wild blueberries. Please select any and all responses that represent your opinion.

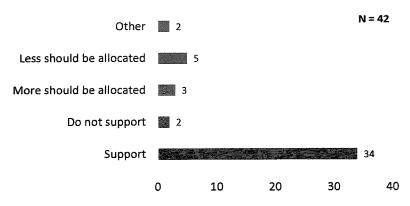
Q7 Staffing Allocation Binned Responses (Positive, Negative)



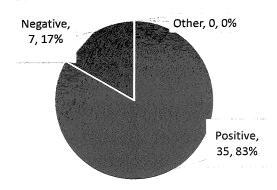
"Necessary function" – Small diversified grower using other natural or sustainable management methods

All growers were 100% supportive of this expense except three small IPM/ICM/conventional IQF suppliers.

#### State and Federal Policy Allocation (Q8)



# Q8 Policy Allocation Binned Responses (Positive, Negative, Other)



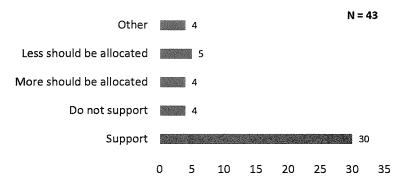
**Q8:** The Wild Blueberry Commission of Maine currently allocates approximately 10-13% of blueberry tax dollars to affect state and federal policy outcomes (e.g., R&D dollars, farmer grant opportunities, USDA services, labor challenges, land use rights, pesticides, and more). Approximately half of this is staff time spent on policy work. This investment amounts to a tax of between 0.15 to 0.2 cents per pound (\$0.0015 - 0.0020 / lb) of wild blueberries. Please select any and all responses that represent your opinion.

"We need to separate lobbying from marketing, and resources marketing to create and expand programs to drive demand. From that, processor and farmer profitability will grow." – Small IQF supplier using conventional management

"R+D necessary" – Small, diversified grower using natural and sustainable management methods

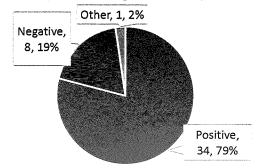
The greatest demographic break on the policy allocation is between large growers (90% supportive, n=10) and small growers (81% supportive, n= 32).

#### Fresh Pack and Value Added Allocation (Q9)



#### **Q9 FPVAC Allocation Binned Responses**

(Positive, Negative, Other)



Small diversified growers using natural and organic management methods were overall more supportive of this allocation than large IQF suppliers using IPM/ICM and conventional methods, (e.g., 87% diversified growers supportive, n=15 and 76% IQF suppliers supportive, n= 25)

**Q9:** The Wild Blueberry Commission of Maine currently allocates approximately 6-8% of blueberry tax dollars to the Fresh Pack and Value-Added Commitee, which uses the funds for Wild Blueberry Weekend and a fresh wild blueberry sampling program at I-95 rest stops. This investment amounts to a tax of between 0.09 to 0.12 cents per pound (\$0.0009 - 0.0012 / lb) of wild blueberries. Please select any and all responses that represent your opinion.

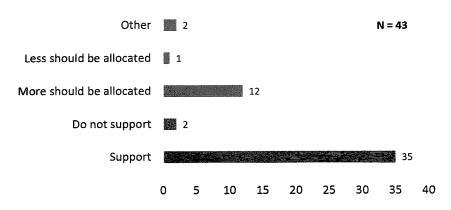
"Support wild blueberry weekend, not sure fresh sampling on 95 is good investment." – Large IQF supplier using ICM and IPM

"No more would need to be allocated to fresh pack if all of the taxes owed by the fresh pack growers was paid." – Small, diversified grower using IPM, ICM, and conventional management

"It appears to me that too much is wasted on posters and tshirts." – Small diversified grower using IPM

"This is a disproportionate allocation of tax money to a percentage of industry segment yet shows that value added can be accomplished. It's a proof of concept that should be applied to additional marketing programs." – Small IQF supplier using conventional management

#### **UMaine Research and Extension Allocation (Q10)**



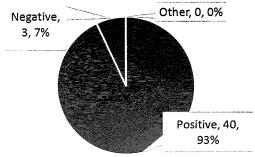
"The Commission and University need to show what we get for this spending. I support extension yet they need more urgency & focus on achieving outcomes that create in-year value for growers." – Small IQF supplier using conventional management

"Research is always valuable and useful." – Small IQF supplier using IPM, conventional, and other natural and sustainable management

**Q10:** The Wild Blueberry Commission of Maine currently allocates approximately 5-7% of blueberry tax dollars annually to support a competitive grant process that funds University of Maine wild blueberry research and extension. This investment amounts to a tax of between 0.07 to 0.1 cents per pound (\$0.0007 - 0.0010 / lb) of wild blueberries. Please select any and all responses that represent your opinion.

## Q10 UMaine R&E Allocation Binned Responses

(Positive, Negative, Other)

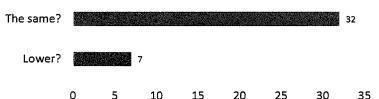


Generally, all grower categories were highly supportive of this allocation with the large category being the least supportive (90% supportive, n=10 and diversified category 100% in support, n=15).

**Q11:** The wild blueberry tax rate is currently 1.5 cents per pound. Would you like the tax, and the level of Commission activities that it support, to be:

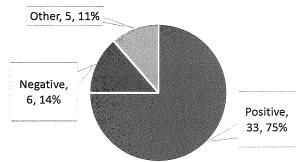
#### Wild Blueberry Tax Allocation (Q11)





### Q11 Tax Allocation Binned Responses

(Positive, Negative, Other)



"Should be a percentage of the field price but not to exceed 1.5 cents per pound. For instance 3% of field price until that exceeds 1.5 cents." – Small IQF supplier using IPM

"Need to keep up with the higher cost of doing business." – Small IQF supplier using IPM and conventional management

"Show more relevant results and then lets talk about more funding. More money should follow it. R&D programs that increase yield and/or demand." – Small IQF supplier using conventional management

"It's all based on the outcome. It's like asking the taxpayer: do you want to pay more taxes?." – Small IQF supplier using ICM/IPM and conventional management

"The processors should fund the tax. I have been involved in wild blueberries since I was 8 yr. old on the family farm. I became a grower in the mid-80's. Being a high school teacher I had a steady workforce for harvest. That ended many years ago. I reached a peak of 180 acres in the 90s. Starting this year Cherryfield Foods has stopped using the small boxes which makes hand raking and box harvesters obsolete. The small family farms are long gone. It has become a completely mechanized industry dominated by two companies. The tax only works for them. The lobster fishermen don't pay a tax. The potato farmers don't pay a tax that I know of. No other agricultural product, land or sea, pays a tax. FYI This mornings BDN (7/20) Susan Collins announces a congressional 4 million dollar gift to the Maine potato board for research and promotion! Maybe you should be talking to her." — Small IQF supplier using ICM

Small (76% supportive, n=34) organic producers using natural practices (100% supportive, n=10) are the most supportive while large growers (70% supportive, n=10) using IPM/ICM/conventional management strategies (67% supportive, n=33) were the least. In addition to the qualifying responses, 3 retirees respondents wanted the tax to remain the same.

Q12: Please describe your answer to #11 above. What programs/allocations would you remove or decrease if you want a lower tax rate? What programs/allocations would you add or increase if you want a higher tax rate? "Cut WBANA some."

"Take health \$ and put it into market/policy."

"Pick 3 programs that support, 1) Yield increase 2) Reduced farm costs and 3) increased demand. Focus focus focus."

"Increase the promotion and awareness of the industry to the Maine population/youth."

"The price is so bad we have to cut back."

"Cut the WBANA funding."

"UMaine research & extension"

"Stay the same."

"The Commission does a great job!"

"I'd like to see the tax rate stay the same with less spent on WBANA-US promotion and marketing and more spent on organic growing and reducing pesticides."

"Commission board members should justify any need to increase or decrease."

"Keep the same."

"The system seems to be adequate at this point in time."

"The payback on the amount of tax I pay is well worth it."

"Growers are caught in the middle we need a better balance between the promotion for sales versus the sale and supply." **Q13:** Is there anything else about the Maine wild blueberry tax or the work that it supports, that you would like to share with the Commission?

"For many years the commission did work to help the processors gain vertical integration to the point the processors no longer need small growers; (hence the loss of growers in Maine.) The commission should work on recovering the trend and try to save this important Maine Heritage Industry."

"More Maine "wild" blueberry tax money should be spent on reducing pesticides. If people commonly understood the current pesticide use on a typical blueberry field they wouldn't eat them." "Put fliers at the visitor centers in Maine."

"Keep up the good work."

"We should be going hard after large scale value added markets. We need to have a nationally marketed value added product uses more wild blueberries."

"I have always felt the blueberry tax as a good investment. By pooling tax money, we accomplish a lot, individuals working alone accomplish little to nothing." "Why is this the first time I am hearing about this blueberry tax? I have been managing blueberries on my property since 2019. Somebody is not getting the word out to everyone who manages blueberries."

"It is the history of the industry of supply and demand - ongoing process."

"Eric does a great job."

"Yields are decreasing and less predictable so they need to be watched carefully."

"Why do processors only pay half the tax when they set the price?"

"Supporting growers & R+D necessary to continue crop success & growth."

"Eric you are doing an awesome job!"

"Get the whole 1.5 cents from the processor."

"WHY should the grower pay half the tax when the processor sets the price?"

"The Commission really needs to simplify its mission and vision to serve the BB industry. Today, both are too broad and could not be realized if the commission had 10x the resources. Focus on helping farmers succeed now. Also look at ways to aggregate farmer needs & growth/demand opportunities rather than delivering every farm can succeed by going it alone."

# **Comparison**

# **Level of Support**

(All Taxpayers)

