

Maine Dairy Industry Association
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TESTIMONY BEFORE THE COMMITTEE ON TAXATION

in SUPPORT of

“LD 1879 An Act to Support Maine's Agricultural Economy by Increasing Revenue from the Corporate Income Tax and Providing Property Tax Exemptions”

Good morning Senator Grohoski, Representative Cloutier, and members of Committee On Taxation, my name is Annie Watson, and I am a first generation organic dairy farmer from Whitefield. I also serve as President of the Maine Dairy Industry Association (MDIA.)

MDIA represents the 138 cow-dairy farms in the state shipping milk. Our farms are located in 15 of Maine's 16 counties. MDIA represents all of Maine's dairies, no matter the size or style of operation. Our producers range in size from five to 2,000 cows. We have 91 farms producing milk using conventional systems of production, and 47 using organic systems. Twelve of these farms are producer dealers, while the remaining 126 ship their milk to a processor. All but two of these farms are owned and managed by Maine families. Some are multi-generational families who have stewarded Maine's farmland for hundreds of years, while many are first generation farmers, just starting on their own family's farm journey. It is on behalf of these farms that we would like to submit this testimony in support of LD 1879.

This proposed legislation would impose an additional 1.07% corporate income tax on earnings over \$3.5 million for corporations and affiliated corporate groups, with the sole purpose of funding critical agricultural programs in our state.

This bill represents a strategic and forward-thinking investment in Maine's agricultural sector, which is a foundational pillar of our economy, rural communities, and food systems. It does so by tying new revenue directly to a clear set of targeted and high-priority initiatives.

First, the bill ensures the full and sustainable funding of the dairy stabilization support program, or our Tier Program, providing much-needed security and predictability to our dairy industry, an economically vulnerable but essential segment of our farming community. Given the volatility of

dairy markets and milk pricing, specifically, this one-of-a-kind stabilization program is not just helpful—it is a vital, data-driven program that works when it is funded at the true cost of production levels.

Second, the bill provides \$5 million annually to the Dirigo business incentives program, specifically earmarked for agricultural businesses. This creates a strong incentive for innovation and long-term investment in agricultural infrastructure, technology, and workforce development, positioning our state for competitive, sustainable growth in this sector.

Third, the bill wisely offers a 100% property tax exemption for agricultural buildings constructed, reconstructed, or renovated after January 1, 2026. By reimbursing municipalities for this exemption, the bill avoids shifting the tax burden onto local communities while still encouraging much-needed infrastructure upgrades on farms—facilitating often much needed modernization without punitive cost.

Fourth, it allocates funds to key agricultural investment programs, including: The Maine Agriculture, Food and Forest Products Investment Fund, the Business Recovery and Resilience Fund, the Agricultural Marketing Loan Fund, and the Dairy Improvement Fund. Each of these funds plays a distinct and complementary role in enhancing resilience, competitiveness, and value-added opportunities for Maine's agricultural enterprises.

What makes this bill particularly strong is its fiscal responsibility and structure. The tax applies only to the largest and most profitable corporate entities, those with over \$3.5 million in income, many of which derive their earnings from sectors unrelated to agriculture. In effect, this legislation asks those best able to contribute to invest in the local economies and supply chains that ultimately benefit all Mainers, including the corporations themselves.

Moreover, the inclusion of clear prioritization in revenue distribution, and a final safeguard that any unused funds are returned to the General Fund, demonstrates thoughtful, results-driven governance.

In conclusion, this bill not only supports Maine's agricultural sector—it protects rural livelihoods, enhances food security, and promotes smart economic growth. I urge this committee to vote in favor of this bill and help secure a stronger, more resilient future for Maine agriculture and the communities that depend on it.

Thank you for the opportunity to testify. I am happy to answer any questions.