

Maine Dairy Industry Association
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Annie Watson, President
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TESTIMONY BEFORE THE JOINT STANDING COMMITTEE ON APPROPRIATIONS AND FINANCIAL AFFAIRS

in SUPPORT of

“LD 2094 An Act to Authorize a General Fund Bond Issue to Support Maine’s Agricultural and Forestry Sectors

January 20, 2026

Good morning Senator Rotundo, Representative Gattine, and members of the Joint Standing Committee on Appropriations and Financial Affairs, my name is Annie Watson and I am a dairy farmer from Whitefield, and along with Heath Miller, we represent the Maine Dairy Industry Association. (MDIA)

MDIA represents the 131 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 84 farms producing milk using conventional systems of production, and 47 using organic systems. Twelve of these farms are producer dealers, while the remaining 119 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, beginning 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 2094.

From the dairy farm perspective, this bond is a smart, strategic investment with clear return. Dairy is one of the most important agricultural sectors in Maine, but it is also one of the most capital-intensive, with thin margins and a constant need to reinvest in equipment and infrastructure to remain viable.

1) Dairy requires large, ongoing capital investment

Dairy farms do not operate without significant equipment and infrastructure, and these costs are not optional. A few common examples illustrate the scale:

- A tractor or skid steer commonly costs **\$75,000–\$150,000**
- A feed mixer, feed system upgrades, or forage equipment can range from **\$50,000–\$250,000**
- Manure handling equipment and storage-related upgrades often reach **six figures**
- Milk cooling infrastructure—such as a **bulk tank replacement**, compressors, pumps, or heat recovery—can cost **\$100,000+**
- Routine facility needs like **concrete, electrical work, drainage improvements, ventilation upgrades, and barn repairs** can also reach **tens of thousands to hundreds of thousands of dollars** quickly

At the same time, many dairy farms operate on **net margins of only a few percent** in a good year. When margins are tight, even well-run farms can be blocked from necessary improvements simply because there is not enough capital available—and because rising interest rates make borrowing dramatically more expensive.

2) The bond creates ROI by leveraging private investment

LD 2094 should be viewed through an ROI and leverage lens. Bond-funded programs are not typically funding 100% of projects. Farms must bring their own investment through:

- cash match and equity, and/or
- commercial financing

That means bond dollars often operate as **seed capital**, unlocking significantly larger investments that would not otherwise happen.

A realistic example is:

- **\$50,000–\$100,000** in support allows a farm to complete a project in the **\$250,000–\$500,000** range, once match and financing are included

In other words, a bond dollar does not just “spend”—it **activates additional private dollars** and makes improvements possible now rather than years down the road.

3) Bond-supported investment strengthens Maine’s rural economy

The return isn’t only on-farm. When dairy farms invest, those dollars circulate locally, supporting:

- Maine equipment dealers and service technicians
- contractors (electricians, plumbers, carpenters, excavation)
- welders and fabricators
- trucking and hauling businesses
- feed mills, supply stores, and local vendors

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A single dairy project can inject **tens of thousands of dollars** in local economic activity over a short period, while strengthening a farm's long-term stability.

I can speak to this issue personally. My husband and I purchased our farm from a retiring farmer in 2013. Like many farmers without a next generation waiting in the wings, he was understandably hesitant to invest in major upgrades as he approached retirement.

In 2021—eight years after we took over—we were able to leverage a **low-interest loan through the Dairy Improvement Fund**, which then helped us secure additional commercial financing to fully retrofit our milking system. That investment changed the trajectory of our business. It improved efficiency, created a better working environment for both our employees and our cows, and allowed us to modestly expand our herd.

Most importantly, it strengthened the long-term financial sustainability of our farm—an essential business and community hub in rural Maine.

4) The cost of inaction is higher than the cost of investment

The clearest fiscal argument for LD 2094 is that delay is expensive.

Deferred maintenance becomes emergency failure.

A farm that cannot modernize becomes less competitive.

And when dairy farms close, Maine loses production capacity that is rarely replaced.

When farms shut down, impacts ripple outward:

- fewer farm jobs and fewer supporting businesses
- reduced demand for local services and suppliers
- shrinking agricultural infrastructure
- increased pressure to sell working land out of production

LD 2094 is not a handout—it is a strategic investment that produces measurable returns:

- **it leverages private capital,**
- **drives local economic activity,**

- supports modernization and risk reduction,
- and protects Maine's long-term food production capacity.

For these reasons, I respectfully urge the committee to vote **Ought to Pass** on LD 2094 and advance this bond so Maine voters can support the future of Maine dairy agriculture.

Thank you for your time and consideration.

Respectfully submitted,

Annie Watson