

**TESTIMONY OF
Carl Wilson
Department of Marine Resources**

**The Department of Marine Resources (DMR) is testifying
In Support of
LD 2002 An Act to Extend the Maine Lobster Marketing Collaborative to December 31, 2031
Before the Committee on Marine Resources
Sponsored by Senator Reny
Date of Hearing: February 5, 2026**

Senator Tepler, Representative Hepler, and members of the Joint Standing Committee on Marine Resources, my name is Carl Wilson, I am the Commissioner of the Maine Department of Marine Resources, and I am testifying on behalf of the Department in support of LD 2002. This is a Department bill and we are grateful to Senator Reny for sponsoring this bill on our behalf.

Maine's lobster industry has had an organization responsible for the marketing and promotion of Maine lobster since the early 1990's, when the Maine Lobster Promotion Council (MLPC) was originally created. The Council was instrumental in raising awareness of Maine lobster, but its efforts were constrained by a very modest budget for marketing and promotion (~\$300,000 annually). The Council was reinvented in 2013 through legislative changes establishing the Maine Lobster Marketing Collaborative (MLMC). At that time, the budget for the Collaborative was substantially increased through the creation of larger surcharges on harvester, dealer, and processor licenses. Beginning in 2013, the surcharges increased each year for 3 years, culminating in surcharge levels that peaked at approximately \$2.2 million annually. This was somewhat short of a goal of \$3 million annually, which was recommended by marketing professionals consulted at that time.

The original impetus to reinvent and strengthen efforts around the marketing of Maine lobster was an unexpected over-supply of product in 2012 due to an early molt which caused prices to collapse throughout the supply chain because there was no entity to build the market demand necessary to protect and support profitability. New and previously unimaginable challenges arose during the pandemic, when many of the major markets for lobster – restaurants, casinos, and cruise lines - were shuttered overnight. The MLMC responded by shifting its focus to expanding retail markets, encouraging consumers to prepare lobster at home. In recent years, the MLMC has joined efforts by the Department and industry associations to communicate the efforts of Maine lobstermen to mitigate risks to North Atlantic Right Whales, to accurately represent the industry's stewardship ethic and avoid negative market impacts. Over the past decade, the MLMC has developed a strong track record that as market conditions shift and new stressors appear, they respond to protect and promote this iconic Maine product and its valuable brand.

The MLMC was reviewed and renewed at its current funding levels by the Legislature in 2017 and in 2021. Under current law, the MLMC will sunset in December 2026. This bill would extend the authorization for the Collaborative another 5 years. All other aspects of the Collaborative are proposed to remain the same. The Collaborative is governed by a Board made up of 11 voting

members, 9 of whom are appointed by the Commissioner of Marine Resources. Four individuals are selected from nominations prepared by the Lobster Zone Councils. These may be harvesters, or other individuals recommended by Zone Council members to serve in this capacity. Three seats are held by representatives of the dealer side of the industry, two of which are nominated by the Lobster Advisory Council. There are also 2 public members, nominated by the Lobster Advisory Council. The remaining two seats are held by a commissioner's designee from DMR and a commissioner's designee from the Department of Economic and Community Development (DECD). Collectively, these individuals are responsible for providing oversight of the Collaborative's activities, including its budget and annual marketing plan. This spring, 7 of the 11 seats on the Board will be up for appointment. DMR will be soliciting recommendations from the Zone Councils and Lobster Advisory Council in the next round of meetings.

The current authorizing statute is attached for your information and provides the specific surcharges that are paid by license type. Due to attrition in the overall number of licenses, revenues from license surcharges currently total ~\$1.7 million annually (so, approximately \$500K less than the \$2.25 million target). 70% of the total budget is paid by harvester license holders, and 30% is paid by holders of dealer and processor licenses. When the surcharges were established, there was an effort to balance the relative contributions made by harvesters and dealers/processors, but it is very challenging to do that given the different sizes of the populations (that is, there are approximately 10 times more harvesters than dealers). Further efforts to shift a larger percentage of the cost onto dealers was feared to have the potential to drive smaller dealers out of business.

The pending reauthorization of the MLMC was a topic on the agenda for the last round of Zone Council meetings. Zones received a presentation from Marianne Lacroix regarding the MLMC. While the Councils did not take a vote on the reauthorization, there was concern about the challenges inherent in demonstrating the return on this investment, specifically to the harvester sector. The Lobster Advisory Council also discussed the reauthorization at their January meeting. There, the discussion focused mainly on the merits of reauthorizing the MLMC for a shorter period of time, so that efforts may be made to restructure aspects of their work with the goal of increasing harvester buy-in. In discussion, some Council members favored a 1 year extension, some favored a 2 year extension, some favored a 3 year extension, and some favored the full term of the proposed reauthorization (5 years). A motion to reauthorize the MLMC for 3 years failed with 3 members voting in favor and 5 in opposition, with 1 member abstaining. A motion to reauthorize the MLMC for one year passed with 5 members voting in favor and 4 members voting in opposition. For clarity, the members voting against the one-year reauthorization were not voting against the continuation of the MLMC, but because they favored a longer reauthorization.

Maine's lobster industry has a landed value of over \$500 million and generates additional economic activity of roughly \$1.5 billion annually. Maine consistently leads the U.S. in lobster landings, and the US American lobster fishery is consistently ranked as one of the nation's most valuable. It is critical that this industry, which is so integral to the economic health of Maine's coastal communities, has a mechanism to promote its product, protect its brand, and buffer it against changing market conditions. Most other coastal US states have seafood marketing programs, and without one for Maine lobster, our industry would be at a disadvantage when competing for food consumer and wholesale buyer

market share. In addition to its promotional efforts, the MLMC also plays an important role communicating Maine's message of sustainability and long-standing commitment to the conservation measures that have sustained the resource for generations.

The Department feels strongly that it would be short-sighted and risky to eliminate the services provided by the MLMC on behalf of Maine lobster. If the MLMC were allowed to sunset, there is no other entity that could absorb these duties and continue these functions. It would also be difficult to simply "restart" the MLMC if in a few years the industry wanted it back. You have heard from Marianne LaCroix a detailed explanation of their recent programs, as well as their future plans on behalf of this iconic Maine industry. In addition, with the seating of new Board members this spring, there will be an opportunity to evaluate the strategic direction and make adjustments accordingly. I encourage you to support the continued efforts of the MLMC through the passage of this legislation.

Thank you for your consideration, and I would be happy to answer any questions you might have.

§6455-A. Maine Lobster Marketing Collaborative

(CONTAINS TEXT WITH VARYING EFFECTIVE DATES)

(WHOLE SECTION TEXT EFFECTIVE UNTIL 12/31/26)

(WHOLE SECTION TEXT REPEALED 12/31/26)

1. Collaborative established; purpose. The Maine Lobster Marketing Collaborative, established in Title 5, section 12004-H, subsection 14-A and referred to in this subchapter as “the collaborative,” is created to promote and market actively Maine lobsters in state, regional, national and international markets. The collaborative shall draw upon the expertise of the Maine lobster industry and established private marketing firms to identify market areas that will provide the greatest return on the investments made by lobster license holders and undertake those media or promotional efforts that represent the most cost-effective use of a limited promotional budget. The collaborative shall remain responsive to the Maine lobster industry, conduct its business in a public manner and undertake marketing efforts that promote the quality and full utilization of the product and the unique character of the coastal Maine lobster fishery.

[PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

2. Collaborative is a public instrumentality. The collaborative is established as a public instrumentality serving a public purpose. Accordingly:

A. Employees of the collaborative may not be construed to be state employees for any purpose, including the state civil service provisions of Title 5, Part 2 and Title 5, chapter 372 and the state retirement system provisions of Title 5, Part 20; [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

B. The collaborative may not be construed to be a state agency for any purposes, including the budget, accounts and control, auditing, purchasing or other provisions of Title 5, Part 4; and [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

C. Notwithstanding any provisions of paragraphs A and B:

(1) All meetings and records of the collaborative are subject to the provisions of Title 1, chapter 13, subchapter 1, except as provided in subsection 3. The commissioner and those members of the Legislature appointed to serve on the joint standing committee of the Legislature having jurisdiction over marine resources matters have access to all material designated confidential by the collaborative;

(2) Members of the collaborative are governed by the conflict of interest provisions set forth in Title 5, section 18; and

(3) For the purposes of the Maine Tort Claims Act, the collaborative is a “governmental entity” and its employees are “employees” as those terms are defined in Title 14, section 8102. [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

[PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

3. Market studies and promotional plans; proprietary information. Information provided to or developed by the collaborative and included in a promotional plan or market study is public unless the collaborative determines that it contains proprietary information. For the purposes of this subsection, “proprietary information” means information that is a trade secret or production, commercial or financial information the disclosure of which would impair the competitive position of the collaborative or the person submitting the information and would make available information not otherwise publicly available.

[PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

4. Collaborative members; appointments; terms. The collaborative consists of 11 voting members, 9 appointed by the commissioner as follows:

A. Four individuals representing the lobster management policy councils established pursuant to section 6447. Each lobster management policy council shall prepare a list of up to 3 nominees from its zone for consideration by the commissioner for the appointments under this paragraph. In making appointments under this paragraph, the commissioner shall select members to ensure a geographic distribution of representation from lobster management zones established pursuant to section 6446; [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

B. Three individuals:

(1) At least 2 of whom are owners, managers or officers of business entities operating in the State that hold valid wholesale seafood licenses with lobster permits, from a list of nominees prepared for the commissioner by the Lobster Advisory Council established under section 6462-A; and

(2) At least one of whom represents the interests of lobster dealers and processors; and [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

C. Two individuals who are public members with experience in marketing and promotion, retail sales, food service or food science, from a list of nominees prepared for the commissioner by the Lobster Advisory Council established under section 6462-A. [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

Members are appointed by the commissioner for terms of 3 years. A person may not serve more than 2 consecutive 3-year terms as a member of the collaborative.

The commissioner or the commissioner's designee serves as an ex officio member of the collaborative. The Commissioner of Economic and Community Development or the commissioner's designee serves as an ex officio member of the collaborative.

[PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

5. Officers. By majority vote, the collaborative shall annually elect a chair from among its members and may elect other officers in accordance with its bylaws.

[PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

6. Executive committee. The collaborative shall establish an executive committee of no fewer than 5 members, who are appointed by a majority vote of the collaborative. The collaborative shall specify in its bylaws when the executive committee may act on behalf of the collaborative with regard to oversight of collaborative staff, daily operations of the collaborative and addressing unexpected expenditures to be made by the collaborative. The bylaws must specify what constitutes a quorum of the executive committee and how many votes are necessary for the executive committee to take a valid action. In addition to any other restrictions adopted by the collaborative, the executive committee may not act on behalf of the collaborative to:

A. Adopt or amend an annual budget; [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

B. Adopt or amend an annual marketing plan; [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

C. Hire or terminate the employment of the executive director of the collaborative; or [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

D. Amend the bylaws of the collaborative. [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

[PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

7. Meetings. The collaborative shall meet at least quarterly. A quorum of 6 members is required to conduct the business of the collaborative. Additional meetings may be called by the chair. If 3 or more members of the collaborative submit to the chair a written request for a meeting, the chair shall call a meeting to be held no sooner than 14 days after receipt of the written request. The commissioner may remove any member with unexcused absences from 2 or more consecutive meetings of the collaborative.

[PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

8. Employees. The collaborative shall hire an executive director and may hire staff as needed to perform its duties. Employees of the collaborative serve at the pleasure of the collaborative. The salary and benefits for employees of the collaborative are determined by the collaborative.

[PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

9. Powers and duties. The collaborative may:

A. Undertake promotional marketing programs in cooperation with the lobster industry; [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

B. Promote national and international markets for lobsters harvested or processed in the State; [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

C. Provide material and technical assistance to persons seeking to market lobsters harvested or processed in the State; [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

D. Conduct other efforts as determined necessary to increase the sales of lobsters harvested or processed in the State; [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

E. Market and sell goods directly related to the functions of the collaborative and deposit all proceeds in the fund; [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

F. Make expenditures from the fund to carry out the purposes of this subchapter. Money in the fund may be used only for the following purposes:

(1) Promotion, advertising and marketing development. The collaborative may implement programs and activities to promote, advertise and develop markets for lobster and make or enter into contracts with any local, state, federal or private agency, department, firm, corporation, entity or person for those purposes; and

(2) The hiring of staff and the payment of compensation for employees, payment of per diem and reimbursement of expenses for members pursuant to Title 5, section 12004-H, subsection 14-A and payment of administrative and overhead costs associated with the business of the collaborative; and [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

G. Accept and deposit in the fund additional funding from any source, public or private. [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

[PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

10. Lobster Promotion Fund established. The Lobster Promotion Fund, referred to in this subchapter as “the fund,” is established to carry out the purposes of this subchapter. The department shall pay to the fund all money appropriated or received by the department for the purposes of this subchapter, except that the department may retain funds necessary to reimburse the department for the actual cost of collecting the license surcharges established in subsection 11. The fund is capitalized from the annual surcharges set out in subsection 11.

[PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

11. License surcharge assessed. The fund is capitalized from annual surcharges assessed on licenses issued by the department as follows.

- A. For a Class I lobster and crab fishing license held by a person 18 to 69 years of age, the surcharge is \$165.25. [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]
- B. For a Class II lobster and crab fishing license, the surcharge is \$330.50, except that for a license holder 70 years of age or older, the surcharge is \$165. [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]
- C. For a Class III lobster and crab fishing license, the surcharge is \$480.75, except that for a license holder 70 years of age or older, the surcharge is \$240. [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]
- D. For a nonresident lobster and crab landing permit, the surcharge is \$480.75. [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]
- E. For a wholesale seafood license with a lobster permit if the license holder holds no supplemental wholesale seafood license with a lobster permit or for a lobster transportation license if the license holder holds no supplemental lobster transportation license, the surcharge is \$1,200. [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]
- F. Surcharges for supplemental wholesale seafood licenses with lobster permits or supplemental lobster transportation licenses are as follows:
 - (1) For up to 2 supplemental wholesale seafood licenses with lobster permits or supplemental lobster transportation licenses, the surcharge is \$1,800;
 - (2) For 3 to 5 supplemental wholesale seafood licenses with lobster permits or supplemental lobster transportation licenses, the surcharge is \$2,400; and
 - (3) For 6 or more supplemental wholesale seafood licenses with lobster permits or supplemental lobster transportation licenses, the surcharge is \$3,000. [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]
- G. For a lobster processor license, the surcharge is \$1,000 if less than 1,000,000 pounds of raw product is processed and \$4,000 if 1,000,000 pounds or more of raw product is processed. [PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

A person holding more than one of the following licenses is assessed only the highest applicable surcharge for those licenses under this subsection: a wholesale seafood license with a lobster permit, a supplemental wholesale seafood license with a lobster permit, a lobster transportation license or a supplemental lobster transportation license.

The commissioner shall review annually the surcharges established in this subsection and recommend changes to the joint standing committee of the Legislature having jurisdiction over marine resources matters, which after receiving the recommendations may report out a bill to the Legislature to adjust the surcharges.

Except as provided in chapter 619, subchapter 7, the Treasurer of State shall hold all surcharges assessed by this subsection in the fund and invest all money in the fund until disbursed to the collaborative upon request of the collaborative. Interest from investments accrues to the fund.

All money in the fund is subject to allocation by the Legislature. Unexpended balances in the fund at the end of the fiscal year may not lapse but must be carried forward to be used for the same purposes.

In addition to payment of the regular license fee and the surcharge, a person purchasing a license subject to the surcharges established in this subsection may make voluntary contributions to the fund at the time the license is purchased. Voluntary contributions received by the department from a licensee pursuant to this subsection or any other source must be deposited in the fund by the department and must be used by the collaborative for the purposes of this subchapter. [PL 2021, c. 755, §1 (AMD).]

12. Reports. The collaborative shall report annually on its activities and expenditures to the joint standing committee of the Legislature having jurisdiction over marine resources matters, to the Lobster Advisory Council established under section 6462-A and, at a statewide meeting of interested license holders, to the lobster industry. The collaborative shall provide notice of the date and location of the statewide meeting of license holders at the time of license issuance or renewal.
[PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

13. Audit. An annual audit of the expenditures of the collaborative must be performed. The collaborative may contract with the Office of the State Auditor or with a private sector accounting firm to conduct the audit. The collaborative shall report the results of that audit to the joint standing committee of the Legislature having jurisdiction over marine resources matters. If the annual audit is performed by the Office of the State Auditor, the collaborative shall reimburse the department for its costs to conduct that audit.
[PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

14. Repeal. This section is repealed December 31, 2026.
[PL 2021, c. 491, §2 (NEW); PL 2021, c. 491, §7 (AFF).]

SECTION HISTORY

PL 2021, c. 491, §2 (NEW). PL 2021, c. 491, §7 (AFF). PL 2021, c. 755, §1 (AMD).

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