

To: The Agriculture, Conservation and Forestry Committee
From: Bonnie Rukin (Camden) & Linzee Weld (North Yarmouth), Slow Money Maine network
RE: LD 1565, An Act to Strengthen Maine's Agriculture, Food and Forest Economy
Date: May 10, 2021

We are writing in support of LD1565, An Act to Strengthen Maine's Agriculture, Food and Forest Economy.

Since 2010 we have been active with Slow Money Maine, a network of farmers, food entrepreneurs, and investors in the private, public and non-profit sectors. By organizing events where farmers, value-added food producers, food processing businesses and distributors can tell their stories and present their needs for growth, the Slow Money network has catalyzed investment (loans, grants and equity investment) of more than \$17 million in more than 100 Maine farms and food businesses. Most of this investment has come from individuals (\$12.5 million), with significant non-profit, foundation investments and government participation as well.

A primary goal of Slow Money Maine is to educate people on how they can make small investments in their community to help local businesses grow. A \$5,000 loan to a farmer can help the farmer buy a larger van to transport more produce to farmers markets. A \$12,000 loan can help a farmer install cold storage to preserve produce and extend sales throughout winter months. Slow Money Maine has played the role of matchmaker, connecting investors with farms and food businesses throughout the state, including underserved communities such as the Somali Bantu farmers in Lewiston/Auburn. We find that many people are interested in making loans in the \$5,000 - \$15,000 range with repayment in three+ years.

We have championed investment in some of the premier food processing and distribution businesses in Maine's food sector - companies like Maine Grains (flour milling), Common Wealth Poultry (chicken processing), Tide Mill Farm (chicken processing) and Crown O'Maine (distribution). We have steered more than \$10 million in investment to 19 'infrastructure' businesses that will grow Maine's food economy by processing and distributing Maine grown produce and livestock. Investment has taken the form of loans and equity investments and grants.

Infrastructure businesses are tough to finance: they generally require a significant amount of start-up capital, have low profit margins, are high risk and compete against giant national companies that have achieved economies of scale and can sell at lower prices. Once these infrastructure businesses have exhausted their opportunity to borrow capital and need to raise equity funds, they have limited options.

Private, patient, low return investment capital is hard to raise. Traditional equity investors seek earnings of multiple times their investment within a short period of time. Food infrastructure businesses grow slowly and may not seek a quick exit. While many investors are turning towards social investment funds, few social investors invest directly in companies.

Through Maine's Slow Money network, we have been able to find some private social impact investors to step forward to supply early equity capital to some of Maine's local food businesses.

We have worked closely with Maine CDFIs, including Coastal Enterprises, and foundations that have creatively invested in early stage food businesses. Nevertheless, these organizations alone can't meet the growing need for equity capital in this sector.

LD 1565 seeks to fill the gap for investment capital in Maine's food infrastructure businesses by creating an investment fund that would be a source of patient, flexible, low-cost, risk tolerant equity-like capital. This fund will complement and galvanize private capital, providing capital that will help launch start-up food businesses and finance infrastructure businesses as they grow. The investment LD 1565 will generate returns by creating good jobs in rural communities, diversifying revenue streams for the Maine farms that value-added and processing companies source from, and strengthening Maine's food security by increasing local food production.

We consider it vital to have state government in a defined visible leadership role regarding financial support of a vibrant food system for all Mainers, and strongly encourage support of this bill.

Thank you for your consideration.