



Senator Curry, Representative Gere, and members of the Joint Standing Committee on Housing and Economic Development, my name is Garrett Mason. I live in Lisbon Falls. I am here today on behalf of the Maine Farm Bureau, the state's oldest agricultural organization, representing farmers across all sectors and regions of Maine. Our mission is to advocate for policies that promote the success of Maine's farms and the viability of rural communities. We are here today to support LD 195, An Act to Create the Small Business Capital Savings Account Program.

LD 195 is an important piece of legislation that can provide Maine's farmers with a tool to plan for the future, manage financial risk, and invest in their operations strategically. Farming is an inherently volatile industry. Weather events, shifting commodity prices, labor shortages, and supply chain disruptions all contribute to financial unpredictability for farm businesses. Most Maine farms do not have access to sophisticated financial instruments that allow them to set aside earnings in a tax-efficient way for future capital needs.

Currently, if a farm has a strong financial year, that revenue is subject to immediate taxation, even if the business would prefer to reinvest it in infrastructure, equipment, or other critical improvements. This creates a system where farmers may feel pressured to spend money before the end of the tax year rather than saving it for when the investment is truly needed.

LD 195 would establish the Small Business Capital Savings Account Program, allowing eligible small businesses in agriculture, fishing, and forestry to set aside up to \$250,000 annually in a dedicated savings account for future capital expenditures. Funds deposited in the account would be tax-deferred until they are withdrawn for qualified business expenses, ensuring that farms and other small businesses can reinvest in their operations at the right time.

This program would provide several key benefits to Maine's farmers:

1. Encouraging Long-Term Investment:

- Maine farmers must regularly replace and upgrade essential infrastructure.
- The ability to set aside pre-tax income allows for smarter, long-term financial planning rather than forcing spending decisions based on annual tax deadlines.

2. Providing a Buffer Against Market Volatility:

- Agricultural income fluctuates widely from year to year due to factors beyond a farmer's control.
- By allowing farms to save during profitable years and reinvest when needed, LD 195 will help create financial stability for farmers facing unpredictable economic conditions.



3. **Helping Young and First-Generation Farmers:**

- The barrier to entry for new farmers is high, with significant costs for purchasing land, equipment, and infrastructure.
- A tax-advantaged savings account will make it easier for young farmers to finance necessary investments without taking on excessive debt.

4. **Strengthening Maine's Rural Economy:**

- Farming, like fishing and forestry, is a pillar of Maine's rural communities.
- When farms are financially stable and able to reinvest, it leads to stronger local economies, job retention, and greater food security for the state.

LD 195 is a fiscally responsible pilot program that provides Maine's small businesses with a much-needed financial planning tool. By structuring this program as a limited pilot from 2026 to 2029, the state has the opportunity to evaluate its impact before considering broader implementation.

This is a straightforward, common-sense approach to supporting Maine's small businesses—one that allows farmers to invest in their future while ensuring the long-term stability of our agricultural economy.

For these reasons, the Maine Farm Bureau supports LD 195 and urges the Committee to advance this important legislation.

Thank you for your time, and I welcome any questions.