



Testimony to the Joint Standing Committee on Agriculture, Conservation and Forestry

**in support of**

LD 1805, Resolve, Regarding Legislative Review of Chapter 26: Producer Margins, A Major Substantive Rule of the Maine Milk Commission

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Dear Senator Dill, Representative O'Neil and Members of the Joint Standing Committee on Agriculture Conservation and Forestry:

I am pleased to submit this testimony on behalf of Coastal Enterprises, Inc. (CEI), in support of LD 1805, Resolve, Regarding Legislative Review of Chapter 26: Producer Margins, A Major Substantive Rule of the Maine Milk Commission. I live in Edgecomb and proudly serve as CEI's state policy director.

CEI is a 501(c)3 nonprofit and community development financial institution (CDFI) based in Brunswick. Our organization combines economic and business development tools to help create good jobs, environmentally sustainable enterprises and a more inclusive economy in Maine and rural regions throughout the US. CEI has advised and financed farm and food manufacturing businesses since its inception 4-plus decades ago.

CEI recognizes that the dairy industry is the backbone of the agricultural economy in Maine, as it relies on many ancillary farm services to function, and in addition, maintains large acres of farmland in working production. Further, dairy farms have defined Maine's rural landscapes for generations, and dairy families are deeply invested in their rural communities. For all these reasons CEI has identified dairy farms as a key priority in its lending portfolio, knowing that access to flexible operating capital is key for an industry at the mercy of federally mandated milk prices that do not often reflect the true cost of production here in Maine.

As an institution that provides financing to farm businesses, we have learned how critical this policy is to these businesses and surrounding communities. While no panacea for the myriad challenges facing Maine's dairy industry, the Maine Dairy Stabilization, or Tier, Program is critical in bridging the gap between the commercial wholesale prices dairy farmers receive for their product and the actual costs of production, and we believe it is a key reason why Maine has lost fewer dairies over time as compared to our New England neighbors.

CEI supports the price adjustments derived from the updated cost of production survey undertaken by the Maine Milk Commission and proposed by rule pursuant to LD 1805. These target prices reflect the current cost of producing milk in Maine across each tier (from very small- to very large-scale farms). They account for all of Maine's milk production and reflect the policy's inclusive focus on dairy farms of



all sizes and farming practices. In developing this policy, Maine made an explicit commitment to support this industry, equitably, as its well-being is crucial to Maine's culture and economy.

The proposed rule successfully integrates the dual purpose and intent of the Milk Commission statute: to reflect the cost of milk in wholesale prices and to consider the well-being of the entire dairy industry. In calculating the cost of production, in addition to actual production costs and price targets the commission also considers health and safety factors, the current milk supply, prices in adjacent states, and increased external costs due to weather, electricity, seasonality, etc.; and all other conditions affecting the ability of Maine farms to compete, including access to markets, processing and distribution infrastructure, geographic differences, and benefits of the dairy industry related to the preservation of Maine's working landscapes. The emergency status of this bill will help get relief to farmers immediately, providing some needed stability in this sector.

This legislative intent is aligned with and reinforced by the state's current ten-year economic development strategy. CEI encourages the committee to support Maine dairy farmers and vote Ought to Pass on LD 1805.

Thank you for considering our testimony. If we can provide any information or answer questions related to the current conditions in and financing of the state's dairy industry, please don't hesitate to contact me. We would be glad to attend the work session or provide answers to any written questions.