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STATE OF MAINE
114TH LEGISLATURE
FIRST REGULAR SESSION

REPORT OF THE JOINT STANDING
COMMITTEE ON AGRICULTURE
REGARDING COMPOSITION
OF THE MAINE BLUEBERRY
COMMISSION

NOVEMBER 1988

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Study Background

This report had its origin in LD 2412 An Act Concerning Membership on the Maine Blueberry Commission, an after deadline bill introduced March 2, 1988 by Senator Randall with Representatives Tammaro, Farren and Moholland as co-sponsors. This bill called for a change in composition of the Maine Blueberry Commission from 5 processors and 3 growers to 4 and 4. The arguments for and against this change may be seen in appendices J & K.

The Agriculture Committee reported out 2 amendments to this bill, a majority and minority report. The majority report, S-405 was in essence the one adopted by the Legislature and became Private and Special Law 130. Its title was "An Act to Require a Study of the Maine Blueberry Commission. It set up a sub-committee of 5 members of the Agriculture Committee. The Subcommittee was allowed three meetings plus 1 meeting of the entire Agriculture Committee. A budget was provided of \$3,600. A report was to be made to the Agriculture Committee by December 1, 1988 and by them to the Legislature by January 1, 1989. This Committee amendment was amended in the Senate (S-530) to strike out all of the amendment except the title and recategorize the study as one authorized by the Legislative Council. Legislative Council studies are to be reported by December 1, 1988.

The Committee minority amendment to the bill was S-406. It raised the membership of the Commission to 9, with 4 processors, 4 growers and the Commissioner of Agriculture.

While the study group was a subcommittee of the Agriculture Committee, for simplicity in this report it will be referred to as the Blueberry Committee or the Committee. Such references should not be confused with the Blueberry Commission, also referred to as the Commission, which is the organization that was being studied.

In reading this report it is important to remember that the charge of the Committee was solely the composition of the Blueberry Commission and that the Blueberry Commission's function is solely to allocate a portion of the blueberry tax between marketing and research and development and to supervise the marketing program.

Method

The Committee held the following three meetings:

September 5-6 Millbridge, Maine.

The Committee held a round table discussion with 7 invited industry leaders in the evening. A list of the participants may be found in appendix H. A tour of the blueberry area of Washington County was taken the next day and involved visits to a processor, a fresh packer, harvesting operations on the barrens and the Agricultural Experiment Station.

September 22 Bar Harbor, Maine

The Committee attended a meeting of the Blueberry Commission which was held in conjunction with meetings of the North American Blueberry Council and the Wild Blueberry Association of America. Both these organizations presented their proposed marketing plans for the coming year at this meeting.

September 29 Augusta, Maine

The Committee conducted a round table discussion with persons involved in blueberry research and development and a supermarket produce buyer and an operations person from a firm that distributes food products to food service organizations, both restaurants and institutions. Problems of travel distance made it unfeasible to include a food manufacturer, a restaurant chain, or a large institutional contract feeder in this meeting. However, this is not believed to have resulted in any important gap in the Committee's knowledge. The list of participants is in appendix H.

As of October 28, 1988 the Commission spent \$935 of the \$1,400 personal services budget allocated to it. These meetings, plus testimony received when the subject was before the Agriculture Committee last year, represent the input which the Committee considered. However, because the blueberry industry is one of the lesser known ones in Maine, this report will provide some background material which should be of interest to legislators who may be considering future legislation concerning the industry. This write-up is appendix A. The major sources utilized may be found in appendix E.

Findings and Recommendations

A. Background

1. The Blueberry Commission

The Maine Blueberry Commission was set up in 1971 and is empowered by 36 MRSA section 4312-B. It is to consist of 5 processors who may also be growers and 3 growers who may not be processors. Its role is to allocate all but \$85,000 of the Blueberry Tax for research and development or for marketing and to oversee the marketing program. There is also a Blueberry Advisory Committee which is to work with the University of Maine relative to developing the research and development program for blueberries toward which \$85,000 of the blueberry tax is committed by statute and toward which additional moneys can be added by the Commission upon recommendation of the Advisory Committee. Members of the Committee are selected by the Commission. There are no statutory restrictions on membership but traditionally growers have predominated on this Committee.

2. The Blueberry Tax

The blueberry tax which is to fund blueberry research and development and marketing consists of 1/2 cent per pound paid by growers and 1/2 cent per pound paid by processors. A history of the Commission and the tax is in appendix B and provides useful background to understanding both these items.

B. Commission Activities

1. Record of Revenues and Expenditures

Below is a history of blueberry tax revenues and expenditures since FY 83. (The fiscal year ends in June.)

	1983	1984	1985*	1986	1987	1988
Revenues \$	194,887	237,516	283,223	555,011	504,545	510,070
% change	NA	+22	+19	+96	-9	+1
Expenditures \$	166,116	156,772	318,377	412,058	453,877	602,459
% Change	NA	-5	+103	+30	+10	+33
Balance \$	169,848	250,592	215,438	357,791	408,413	316,070
% Change	NA	+48	-14	+67	+14	-23

*The blueberry tax went from 1/2 cent to 1 cent at the end of FY 84

The following are the major expenditures for FY 1988.

Contractual Service	\$ 10,829
Grants	
Research	125,422
Promotional	355,862
Administrative Support	23,000
Blueberry Hill Farm	40,500

2. Programs

a) Promotion

The Commission expends its promotional funds through two voluntary trade associations, the North American Blueberry Council (NABC) and the Wild Blueberry Association of North America (WBANA). The former represents all blueberries, both cultivated and wild.

The proposed NABC budget for 1989 is \$347,000 of which the Maine Blueberry Commission is asked for \$100,000. The two major expenditures by NABC are \$100,000 for food service public relations and publicity and \$75,000 for consumer publicity. Prior to 1982 all expenditures were on consumer publicity, but a study at that time recommended that priority be given to industrial sales and retail trade promotion. An agency specializing in these activities was contracted with in 1983. Their initial recommendation was for industrial and food service marketing and the budgets for 1984-86 were split about two-thirds for these activities and one-third consumer publicity. Industrial advertising was dropped in 1987 with the 2/3 - 1/3 split being continued until the proposed 1989 budget which shows a substantial cut in food service activity, resulting in only about a 55% of the publicity/public budget going to food service.

NABC has included \$30,000 in 1989 for long range planning. NABC maintains an emergency reserve of about \$30,000. A copy of the 1989 NABC program is appendix I.

The proposed WBANA 1989 budget is \$560,000 of which Maine is being asked for \$272,500. WBANA is essentially a Maine/Canada organization. Each entity's contribution is spent on promotion in that area. The only exception is that Canada supports all the R&D activities (\$30,000 in 1989). Individual growers (\$25) and processors (\$100) also pay membership fees to the organization.

Based on a recent marketing research study which showed low consumer product awareness in spite of the association's advertising efforts, WBANA changed advertising agencies from one in the mid-west to one in Portland and changed their promotion strategy away from advertising to publicity and public relations. The significant expenditures as far as Maine is concerned are \$190,000 to domestic promotion, with the emphasis on trade promotion, and \$35,000 to overseas promotion (which is matched by the federal government). WBANA maintains a minimum reserve fund of \$65,000 .

b) Research and Development

1) Historical Comparison

Expenditures on blueberry research and development from funds directly controlled by the Agricultural Experiment Station were \$379,130 in FY '87. On an absolute basis and relative to total expenditures of the Agricultural Experiment Station this figure has remained essentially constant since FY '85. Prior to that time there were fairly substantial increases since 1980, the beginning point of this particular analysis.

2) Cross Commodity Comparison

There is a problem in comparing commodity cash receipts for one year with R&D expenditures, since these receipts vary substantially year-to-year. Given that qualification, using data supplied by the Agricultural Experiment Station the table that follows gives the relationship between FY '87 R&D expenditures and calendar 1986 commodity cash receipts. The 1986 to 1987 comparison is used because it is not possible to make a perfect comparison, since cash receipts are reported on a calendar year and R&D expenditures on a fiscal year, and because it is felt that there is probably a lead-lag relationship between R&D expenditures and cash receipts.

Analysis of Industry Research and Development Expenditures

	Industry % of cash receipts for all Agricultural Commodity Groups (1)	% of Industry Contribution to Total R&D Expenditure on that Industry (2)	% of Industry Contribution to all Agriculture Industry Contributions (3)	% of all Experiment Station <u>Controlled</u> Funds spent on that Industry (4)	% of all Experiment Station R&D Funds spent on that Industry (5)
Potatoes	22%	16%	25%	18%	16%
Apples	4	0	0	6	5
Blueberries	3	20	12	7	6
Dairy Products	23	4	4	16	12

From this table the following conclusions may be reached:

- A. The percent of all R&D expenditures (Col. 5) and of station controlled R&D expenditures (Col. 4) on blueberries is greater than its percentage of all commodity cash receipts (Col. 1). This is also true of apples but not of the much larger dairy and potato industries.
- B. The blueberry industry's contribution to total blueberry R&D expenditures (Col. 2) is greater than the other 3 commodities contributions to their expenditures, and the ratio of the blueberry industry's share of the R&D contributions of all industries (Col. 3) to its share of cash receipts (Col. 1) is much greater than for the other 3 commodity groups. The fact that blueberries percent of total R&D expenditures (Col. 5) is less than its percent of the State's contribution to expenditures (Col. 4) in spite of the large industry contribution is due to the fact that the blueberry industry has no funds in the "other grants and contracts" category, while many other industries that compose the all commodity category, notably forests and fish & wildlife, have substantial funds in that category. Both dairy and apples have more in that category than they do in industry contributions. The last year of substantial funds in this category for blueberries was FY '83 (\$21,000).

C. Conclusions and Recommendations

The following are the conclusions and recommendations of this Committee:

1. This Committee is recommending no change in the composition of the Blueberry Commission. This recommendation is based on the following:
 - a) Given both the self-sufficient nature of the industry and the history of the Legislature in not unilaterally changing boards or commissions, it is not felt that changes in the Commission membership should be made without consensus from the industry as to the need and direction of such a change.
 - b) There appeared to the Committee to be no consensus or direction from the industry for such a change.
 - c) The Committee, the Commission and the Department of Agriculture appeared to concur that such problems as do exist relative to the Commission are due to lack of communication. The Committee feels that, in general, adequate steps are underway to remedy this problem. In particular it encourages the recent activities of the Blueberry Advisory Committee to make greater efforts to ascertain the research and development needs of all facets of the industry.
2. The Committee does recommend, however, a change in the method by which the 3 grower members are selected. The failure of some grower members in the past to recognize that they were representing all growers and not just themselves has been perhaps the major problem identified by this study. These grower members failed to elicit direction from the general population of growers and failed to keep the growers adequately informed of the actions and rationale of the Commission.

The Committee recommends that, in the future, the 3 grower members be elected by the growers in each of three districts. These districts would be Washington County, Hancock County and all other Maine counties. It is believed that this process is the best way to obtain true democratic representation of the large grower section of the industry. Legislation will be submitted in conjunction with this report to accomplish this change.

3. The Committee shares the concern of the Commission regarding possible shifts in the philosophy of the University of Maine regarding agricultural research. The Committee supports and encourages the activities of the task force recently set up by the Commission to pursue with the University the interests and needs of

the blueberry industry and to assure that the industry is getting the funding it needs, particularly considering its importance to the State and considering the financial contribution to the University that it makes to support industry research.

4. The Committee recommends that the Commission undertake a project to determine the number of persons who own blueberry lands, the average size of the holding, what cultural practices, if any, are employed, and whether the land is managed by the owner or by an employed manager. It is felt that such a census would assist the Commission in its decisions and the Legislature in setting the blueberry tax and determining the composition of the Commission.
5. Lastly, the following suggestions are made to industry members who have had concerns relative to the composition of the Commission:
 - a) The Committee suggests that the Commission be evaluated in terms of how well it performs its function rather than, specifically, on its composition.
 - b) The Committee suggests that concerned industry members closely monitor the activities of the Commission relative to recent changes that it has instituted itself and as may be instituted by the report of this Committee and that they have continuous communication with their Commission representatives regarding those activities. If after a decent interval, there is dissatisfaction with the Commission's functioning, these persons, or any others, should feel free to again bring this matter to the attention of the Legislature.

APPENDIX

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The Blueberry Industry

(Prepared by Committee Staff)

I. The Industry

A. North American Blueberries

There are basically two kinds of blueberries. Maine produces only the low bush or wild blueberry. Almost all wild blueberries are processed, i.e. frozen or canned. Cultivated or highbush blueberries are produced primarily in Michigan and New Jersey. This product is about evenly divided between being sold in a processed and in a fresh state.

Wild blueberries are generally regarded as having three fundamental advantages over cultivated highbush blueberries:

1. Wild berries have a more intense blueberry flavor and color than do cultivated berries pound-for-pound.
2. Wild berries tend to have a more uniform size than do many lots of cultivated berries. Size uniformity varies widely among lots of cultivated berries depending on variety, time of picking, growing season and other factors.
3. A critical difference for some products such as blueberry muffins is that wild blueberries' firm skins do not burst during cooking. Cultivated blueberries have thinner skins which usually explode when cooked, thus scattering the juice within the muffin. The ideal muffin is considered to be one with distinct blue impressions where the berries are located, rather than one that is nearly all shaded blue because of exploded berries.

Interestingly, however, even though the raw Maine berry is less expensive than the Michigan berry, when they are both processed their prices are quite similar, with Maine perhaps being slightly higher.

On the other hand, blueberries have the following disadvantages for fresh marketing:

1. Due to small berry size, they do not have the eye appeal that cultivated blueberries have on retail display.

2. Because they are harvested once over with a rake, there is a greater chance of getting overripe or damaged berries in the pack than there is with selectively harvested cultivated berries. A few damaged berries can significantly reduce the entire basket's shelf life.
3. Despite winnowing and sorting, there is still a greater chance of packing foreign matter with wild blueberries, e.g., capstems, twigs, grass, etc.

On average over the last 5 years about 60% of the total blueberry production has been cultivated and about 40% wild. If the two types of berries are combined it is seen that about 70% are sold processed and about 30% fresh. It should, however, be noted that most of the processed blueberries are for food service or baking use. When consumers buy berries by themselves only about 15% are frozen or canned. And, lastly, when looked at by whether the berry is processed or not. It is seen that virtually all fresh berries are cultivated, while the split for processed berries is 55% wild and 45% cultivated. The chart below summarizes these sometime confusing relationships.

5 Year Average
1983 - 1987
000,000 pounds

	Processed	Fresh	Total
Wild	72	1	73
Cultivated	60	57	117
Total	132	58	190

Since the beginning of this decade there have been major advances in the cultivation practices for blueberries. While seasonal fluctuations due to weather make year-to-year comparisons difficult to analyze, the total market has increased 82% on a pound basis from 1978 - 1987, with fresh pack and cultivated blueberries being the market leaders.

B. Blueberries in Maine

On average over the last 5 years Maine had 20% of the total blueberry market, 52% of the wild blueberry market and 21% of the processed blueberry market, being 2nd to Michigan in the total market and first in the wild berry and processed berry markets.

The industry in Maine includes approximately 50,000 acres of native lowbush blueberry stands and several packing plants, largely located in eastern and southwestern parts of the state. Because of the cultural practices employed by Maine lowbush blueberry growers, only half of the blueberry acreage is harvested every year.

The blueberry crop plays a major role in the economy of certain parts of the state. The field cash value of the crop is approximately \$12.1 million. The Maine Blueberry Industry returns about \$24.3 million annually, constituting a significant source of income to growers, pickers, packers and shippers in rural Maine.

Lowbush blueberry plants are native and grow wild, usually four to 18 inches in height. Land with blueberry undergrowth may be cleared of trees, stumps, and brush, then managed for the production of blueberries. Management consists of pruning; fertilizing; use of bees for pollination; irrigation; insect, disease, and weed control; and regulation of soil acidity.

It is estimated that there are 900 Maine wild blueberry growers managing the approximately 50,000 acres of blueberry land and harvesting 23,000 acres of wild blueberries annually. This would mean that the average grower operates about 50 acres of blueberries and harvests 25 acres annually. This average acreage per operator can be misleading, however, in that there are a handful of large grower/processors who operate very large acreages, while a large majority of the growers operate less than 50 acres. A 1974 University of Maine survey of 344 growers found that 77 percent operated less than 50 acres of blueberries and that 32 percent operated less than 10 acres. Another 1974 study by the University of Maine found that the average grower in the survey harvested 55 acres. This same average grower spent 2.4 months working on his blueberries. Lastly, of 230 growers who recently provided such information when requesting information from the Co-operative Extension Service the median average ownership was 21 - 40 acres.

In terms of market growth, until 1987 Maine's growth since 1978 had exceeded that of the total wild category. However, with the strong entrance of Quebec into the market in 1987, Maine's growth for the period 1978 - 1987 at 50% was less than the total wild growth of 68%. Growth in Canada was over 100% for this period.

Background on the Development of the
Blueberry Tax Program

(Prepared by the Blueberry Commission)

The original Blueberry Tax law was passed in 1945 and provided for a tax of 1 1/4 mils (0.125 cents) per pound of "blueberries grown, purchased, sold, handled, or processed in this state. At the same time the legislature also appropriated \$25,000 for the purchase of a blueberry research farm to be operated by the Maine Agricultural Experiment Station.

This tax has been referred to as a "grower tax". It was to be figured on a fresh fruit basis, and deducted from the price paid to the grower by the processor. Processors then reported the tax to the state tax collector. Processors also had to pay the tax for berries produced on their own land.

Revenue from this original tax was dedicated to the University of Maine to be used for research and extension as determined by the Directors of the Extension Service and the Agricultural Experiment Station in consultation with a Blueberry Advisory Committee. By law the Advisory Committee consisted of seven people who were appointed by the president of the University.

Over the years the amount of the "grower's" tax was gradually increased to 3 mils (0.3 cents) per pound until 1984 when there was a major revision of the Blueberry Tax law.

Additional Processors Tax

In 1971 processors had determined that additional funds were needed not only for research and extension, but also for promotion of Blueberries. Because the University could not legitimately function in the area of market promotion, the tax law was amended to provide for an additional "processor" tax of 1 mil (0.1 cent) per pound. This was to be paid by the processors rather than deducted from the price paid to growers. To administer and allocate these additional funds, the law provided for a Blueberry Industry Advisory Board the name of which was later changed to Maine Blueberry Commission. Appointments to the 5 member Commission were made by the Commissioner of Agriculture. The first promotional activity was through the industry trade association, known as North American Blueberry Council (NABC). Allocations to that organization have continued to the present time. Funding from the processors tax has also been allocated to supplement the University extension and research programs funded under the growers tax. The rate for the processor tax was increased to 2 mils (0.2 cents) in 1979.

Tax Revision

The bumper blueberry crops of 1982 and 1983 severely depressed blueberry prices below the cost of production. The five year average production of blueberries from 1977 to 1981 was 18.5 million pounds. The 1982 crop was 35.9 million pounds and 1983 was 44.6 million pounds. With the advent of new methods of weed control and other improved cultured practices it became apparent that there was the potential for continued crop production of 35 to 45 million pounds or more. Both independent growers and grower-processors recognized the need for an expanded promotion and market development program. Consequently, a major revision was proposed to the 1984 legislature.

Primary objectives of the revised legislation were as follows:

1. To provide funding for market development and promotion of blueberries.
2. To maintain a consistent level of funding for the University of Maine research and extension programs.
3. To provide flexibility in the allocations of funds so that in years of bumper crops and larger revenue, a greater proportion of the tax money could be allocated for promotion.
4. To provide a unified and effective administrative structure of the blueberry tax program that would also avoid the confusion concerning the difference between the so called "growers" tax administered through the U of M and the Blueberry Advisory Committee, and the "processors" tax administered by the Maine Blueberry Commission. (This was demonstrated by criticism of Legislators during the sunset program review hearings in 1980.) To meet this objective it was anticipated that a person would be employed with the following areas of responsibility: (a) develop a promotion program in conjunction with NABC and WBANA, (b) maintain an office and keep appropriate financial records, (c) function as a liaison person with the U of M personnel and programs, (d) represent the blueberry industry to state agencies and to the public and (e) provide better communications between members of the industry.
5. To assure that new funding would be available for promotion and research rather than diverted to administrative costs of operating a new agency.
6. To provide for representation of independent growers on the Commission and to participate in the allocation of funds and determination of program emphasis.

Significant Provisions of 1984 Legislation

With the above objectives in mind the following changes were adopted in the tax law of 1984:

1. The tax deductible from the growers price was increased from 3 mils to 5 mils (1/2 cent) per pound of fresh blueberries. The processors tax was increased from 2 mils to 5 mils per pound of fresh blueberries. The combined total of the "growers" tax and the "processors" tax increased from 1/2 cent to 1 cent per pound of blueberries.
2. To consolidate and unify the tax program, administration was vested in the authority of the Blueberry Commission. Under previous legislation, members of the Blueberry Advisory Committee working with the University were appointed by the University. The revised legislation provided for appointments to the Advisory Committee by action of the Commission. Essentially, this made the Advisory Committee a subcommittee of the Commission.
3. Control of all blueberry tax funds were vested in the Blueberry Commission subject to the following limitations:
 - A. A minimum of 25% of the total revenue was earmarked for promotion and market development
 - B. The amount of revenue dedicated to the University for research and extension remained at 30% of the total (The same as the previous 3 mils from the "growers" tax.) except that a maximum of \$85,000 was set on the dedicated amount. This figure was slightly more than the 5-year (1979 - 1983) average previous Legislation.
 - C. To control the administrative costs of a new agency, the amount of tax revenue allocated for administration was limited to 15% of the total revenue.
 - D. To provide funding flexibility the Commission was given the responsibility to allocate any remaining funds for either extension and research (at the University or elsewhere) or for promotion and market development. Any unexpected funds were to be carried forward from one fiscal year to the next and funding which might accumulate in the undedicated account (general fund) could be reallocated for promotion or research as might be determined by the Commission. The amount available for administrative purposes, however,

could not exceed the amount accumulated in the fund for administration or 15% of the annual revenue, whichever is greater.

4. To provide for representation of independent growers, the membership of the Commission was increased from 5 to 8 people. Five were to be processor representatives and 3 were to be grower representatives. There were two particular reasons for the 5 and 3 split. First, all of the processors were also growers with production estimated from 60% to 70% of the total Maine crop. Second, the primary purpose of the legislation was to raise additional funds for market development and promotion. Many people believed that processors were in a better position to understand the potential areas for increasing consumer use and demand for blueberries.
5. Other provisions of the 1984 revisions pertained primarily to definitions and legal aspects for implementation of the new legislation.

PART 7

SPECIAL TAXES

CHAPTER 701

BLUEBERRY TAX§ 4301. Purpose

The production and marketing of blueberries is one of the most important agricultural industries of the State, and this chapter is enacted into law to conserve and promote the prosperity and welfare of this State and of the blueberry industry of this State by fostering research and extension programs and by encouraging the development of expanded market opportunities and other promotional activities related to the blueberry industry. 1983, c. 836, §1 (amd).

1983, c. 836, §1 (amd).

§ 4302. Definitions

The terms used in this chapter shall be construed as follows:

1. Blueberries. "Blueberries" shall mean and include all blueberries grown, purchased, sold or handled for commercial purposes in this State.

1-A. Grower. "Grower" means any person, firm, partnership, association or corporation engaged in the growing or selling of blueberries and which is not a "processor" as defined in subsection 2. 1983, c. 836, §2 (new).

2. Processor. "Processor" shall mean any person, firm, partnership, association or corporation engaged in the canning, freezing or dehydrating of blueberries whether as owner, agent or otherwise.

3. Seller. "Seller" shall mean any person, firm, partnership, association or corporation offering fresh blueberries for sale, either to themselves or to others.

4. Shipper. "Shipper" shall mean any person, firm, partnership, association or corporation engaged in the ship-

ping, transporting, storing, selling or otherwise handling of blueberries either in processed form or as fresh fruit, whether as owner, agent or otherwise.

1983, c. 836, §2 (amd).

§ 4303. Rate of tax

There is levied and imposed a tax at the rate of 1/2¢ per pound of fresh fruit on all blueberries grown, purchased, sold, handled or processed in this State. The tax shall be computed on a fresh fruit basis, regardless of how the blueberries are processed. 1983, c. 836, § 3 (amd).

1977, c. 533, § 1 (amd). 1979, c. 392, § 1 (amd).
1983, c. 836, §3 (amd).

§ 4303-A. Additional tax

There is levied and imposed an additional tax at the rate of 1/2¢ per pound of fresh fruit on all blueberries grown, purchased, sold, handled or processed in this State. The tax shall be computed on a fresh fruit basis, regardless of how the berries are processed, and shall be neither deducted from the purchase price nor collected from the seller under section 4306. 1983, c. 836, § 4 (amd).

1971, c. 425, § 1 (new). 1979, c. 392, § 2 (amd).
1983, c. 836, §4 (amd).

§ 4304. Due date

The tax imposed by section 4303 and the additional tax imposed by section 4303-A shall be due upon any particular lot or quantity of blueberries under section 4307. 1971, c. 425, § 2 (amd).

1971, c. 425, § 2 (amd).

§ 4305. Certification

Every processor or shipper of blueberries shall, each year before processing or shipping blueberries, obtain certification from the State Tax Assessor. The State Tax Assessor shall provide the applications for the certification, which shall contain the name under which the processor or shipper is transacting business within the State, the place

or places of business, the names and addresses of the several persons constituting a firm or partnership, and, if a corporation, the corporate name and names and addresses of its principal officers and agents within the State. No processor or shipper shall process or ship any blueberries until the certification has been issued. Certification may be suspended or revoked by the State Tax Assessor for failure to pay such blueberry tax as may be due or for the filing of false or fraudulent reports or returns as required by the State Tax Assessor. All certification shall expire July 1st, annually, and shall not be deemed to be a license within the meaning of that term in the Maine Administrative Procedure Act. 1977, c. 694, § 711 (rpr).

1977, c. 694, § 711 (rpr).

§ 4306. Tax deducted from purchase price

Each processor or shipper, purchasing blueberries and paying or becoming liable to pay the tax imposed by section 4303, shall charge and collect from the seller a tax at the rate of 1/2¢ per pound, to be deducted from the purchase price of all blueberries subject to the tax so purchased by such processor or shipper. 1983, c. 836, § 5 (amd).

1977, c. 533, § 2 (amd). 1979, c. 392, § 3 (amd). 1983, c. 836, § 5 (amd).

§ 4307. Records and reports; payment of tax

Every processor or shipper shall, on or before November 1st of each year, report to the State Tax Assessor, the quantity of blueberries purchased or sold by him during the current season, on forms furnished by the State Tax Assessor. Said report shall contain such further information pertinent thereto as said State Tax Assessor shall prescribe. With said report, each processor or shipper shall forward payment of the tax at the rate of 1¢ per pound upon all blueberries so reported as sold or purchased. 1983, c. 836, § 6 (amd).

1971, c. 425, § 3 (amd). 1977, c. 533, § 3 (amd). 1979, c. 392, § 4 (amd); c. 378, § 28 (amd). 1981, c. 364, § 44 (amd). 1983, c. 836, § 6 (amd).

§ 4308. Inspection

The State Tax Assessor or his duly authorized agents shall have authority to enter any place of business of any processor or shipper or any car, boat, truck or other conveyance in which blueberries are to be transported and to inspect any books or records of any processor or shipper, or any premises where blueberries are stored, handled, transported or merchandised, for the purpose of determining what blueberries are taxable under this chapter or for the purpose of determining the truth or falsity of any statement or return made by any processor or shipper, and he shall have authority to delegate such power to the Commissioner of Agriculture, his deputies, agents, servants or employees.

§ 4309. Records available on limited basis

1977, c. 668 § 4 (rp).

§ 4310. False returns; violations; civil action for collection

1973, c. 6 (amd). 1977, c. 679, § 27 (amd). 1981, c. 364, § 45 (rp).

§ 4311. Appropriation of moneys received

1971, c. 425, § 4 (amd). 1977, c. 533, §§ 4, 5 (amd). 1983, c. 836, §7 (rp).

§4311-A. Appropriations of money received

Money received from the tax levied by sections 4303 and 4303-A shall be appropriated for the following purposes: 1983, c. 836, §8 (new).

1. Collection and enforcement. For the collection of the taxes imposed by this law and the enforcement of this chapter. Any funds which accrue to the blueberry tax account and are held by the Treasurer of State shall be invested by him until disbursement is authorized by the Maine Blueberry Commission. The first \$20,000, each year, of income from any investment of blueberry tax funds shall accrue to the General Fund undedicated revenue, any additional amounts shall accrue to the blueberry tax account and shall be appropriated for the same purposes as specified elsewhere in this section. 1983, c. 836, §8 (new).

2. Promotion, advertising and market development. The

Maine Blueberry Commission may implement programs and activities to promote and advertise blueberries; and join with any local, state, federal or private agency, department, firm, corporation or association to implement the purposes of this section. At least 25% of the funds collected shall be allocated for these purposes; 1983, c. 836, §8 (new).

3. Research and extension educational programs. Thirty percent of the funds collected, but not to exceed \$85,000, shall be dedicated to the University of Maine System for the purpose of supplementing its research and extension programs related to improved methods of growing, harvesting, processing and marketing of blueberries. The Maine Blueberry Commission may allocate additional funds to the University of Maine System or other organizations for research and extension programs as may be appropriate to implement the purposes of this section; and 1985, c. 779, §81 (amd).

4. Administration. The Maine Blueberry Commission, as authorized under section 4312-B, shall allocate not more than 15% of the funds collected for employment of personnel and expenses incurred for the administration of this chapter; and 1983, c. 836, §8 (new).

5. Balance of funds. Any funds remaining over and above the expenses incurred for subsections 1, 2, 3 and 4 shall not lapse, but shall be carried forward to the same fund and for the same purposes for the next fiscal year. 1983, c. 836, §8 (new).

1983, c. 836, §8 (new). 1985, c. 779, §81 (amd).

§4312. Advisory committee

A Blueberry Advisory Committee, as authorized by Title 5, chapter 379, shall be appointed by the Maine Blueberry Commission. The committee shall consist of 7 members who are active in and representative of the blueberry industry. The duty of the committee shall be to advise and work with the University of Maine System to develop and approve a plan of work and budgets for research and extension programs related to the production and marketing of blueberries. 1987, c. 402, Pt. A, §186 (rpr).

Current members of the advisory committee shall continue to serve for the duration of their current appointments.

New appointments to the advisory committee shall be for terms of 4 years and no appointee may be eligible for reappointment until the lapse of one year from the expiration of a previous appointment. 1983, c. 836, §9 (new).

1977, c. 533, § 6 (amd). 1983, c. 836, §9 (rpr). 1985, c. 75 (amd); c. 295, §55 (amd); c. 737, Pt. A, §99 (amd); c. 779, §82 (amd). 1987, c. 402, Pt. A, §186 (amd).

§ 4312-A. Appropriation of moneys received

Moneys received from the tax levied by section 4303-A by the Treasurer of State shall be appropriated and used for the following purposes: 1971, c. 425, § 5 (new).

1. Collection and enforcement. Collection of the tax provided for by section 4303-A and the enforcement of this chapter as it pertains to processors and shippers, and actual expenses of the commission; 1971, c. 425, § 5 (new). 1977, c. 533, § 7 (amd).

2. Balance of funds. The remainder for the purpose of research, extension and promotion of Maine wild blueberries under the auspices of the commission established in section 4312-B and these funds shall be expended in such a manner and amount as determined by a majority of this commission. Any unexpended balance from the apportionment shall not lapse, but shall be carried forward to the same fund for the same purpose for the next fiscal year. 1971, c. 425, § 5 (new). 1977, c. 533, § 7 (amd).

1971, c. 425, § 5 (new). 1977, c. 533, § 7 (amd).

§4312-B. Maine Blueberry Commission

The Maine Blueberry Commission, as established by Title 5, section 12004, subsection 9, shall be reorganized as follows. 1985, c. 737, Pt. A, §100 (rpr).

1. Appointment. Appointments shall be made by the Commissioner of Agriculture, Food and Rural Resources. 1985, c. 737, Pt. A, §100 (rpr).

2. Membership. The commission shall consist of 8 members who are active in and representative of the blueberry industry. Three members shall be grower representatives.

Five members shall be processor representatives. 1985, c. 737, Pt. A, §100 (rpr).

3. Term of appointments. Members of the Maine Blueberry Commission with current appointments shall continue to serve for the duration of their appointments. The term of office for each new appointment or reappointment shall commence on September 1st of the year appointed and continue for a term of 4 years or until a successor is duly appointed and qualified, except that, when making the 3 additional appointments in 1984, 2 appointments shall be for terms of 3 years and one for 4 years. To fill any vacancy, however caused, the commissioner shall appoint a successor for the duration of the unexpired term. 1985, c. 737, Pt. A, §100 (rpr).

4. Organization. Members of the commission shall elect annually by majority vote one member of the commission who shall serve as chairman. The chairman may appoint an executive director or such personnel as he deems necessary to administer policies and programs established by the commission. These officers or personnel shall not be subject to the Personnel Laws of the State. 1985, c. 737, Pt. A, §100 (rpr).

5. Compensation of commissioners. Members of the commission shall be compensated in accordance with Title 5, chapter 379. 1985, c. 737, Pt. A, §100 (rpr).

6. Function of commission. It is the responsibility of the commission to utilize and allocate such funds as may be available from the funds collected under section 4307 and the commission may make contracts or enter into contracts with any local, state, federal or private agency, department, firm, corporation or association as may be necessary to carry out the purposes of this chapter. 1985, c. 737, Pt. A, §100 (rpr).

1971, c. 425, § 5 (new). 1977, c. 533, § 8 (rpr). CONFLICT: 1983, c. 812, §272 (amd); c. 836, §10 (rpr). 1985, c. 737, Pt. A, §100 (rpr).

§ 4313. Tax as additional

1981, c. 364, § 46 (rp).

(After Deadline)
SECOND REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No. 2412

S.P. 921

In Senate, March 2, 1988

Approved for Introduction by a Majority of the Legislative Council pursuant to Joint Rule 27.

Reference to the Committee on Agriculture suggested and ordered printed.

JOY J. O'BRIEN, Secretary of the Senate

Presented by Senator RANDALL of Washington.

Cosponsored by Representative TAMMARO of Baileyville, Representative FARREN of Cherryfield, Representative MOHOLLAND of Princeton.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-EIGHT

AN ACT Concerning Membership on the Maine
Blueberry Commission.

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 36 MRSA §4312-B, sub-§2, as repealed and replaced by PL 1985, c. 737, Pt. A, §100, is amended to read:

2. Membership. The commission shall consist of 8 members who are active in and representative of the blueberry industry. ~~Three~~ Four members shall be grower representatives. ~~Five~~ Four members shall be processor representatives.

Sec. 2. 36 M RSA §4312-B, sub-§3, as repealed and replaced by PL 1985, c. 737, Pt. A, §100, is repealed and the following enacted in its place:

3. Terms of appointments. Members shall serve for terms of 4 years. The commissioner shall appoint a successor for any vacancy from the appropriate representative group for the duration of the unexpired term.

Sec. 3. Transition. Members of the Maine Blueberry Commission on the effective date of this Act shall continue to serve for the duration of their appointments. The additional grower representative required by this Act shall be appointed upon the first expiration of a processor representative's term of appointment.

STATEMENT OF FACT

The purpose of this bill is to provide equal representation for growers and processors on the Maine Blueberry Commission.

4418012588

1

L.D. 2412

2

(Filing No. S- 406)

3

STATE OF MAINE

4

SENATE

5

113TH LEGISLATURE

6

SECOND REGULAR SESSION

7

8

9

COMMITTEE AMENDMENT " B " to S.P. 921, L.D. 2412,
Bill, "AN ACT Concerning Membership on the Maine
Blueberry Commission."

10

11

Amend the bill by striking out all of section 1
and inserting in its place the following:

12

13

14

'Sec. 1. 36 MRSA §4312-B, sub-§2, as repealed
and replaced by PL 1985, c. 737, Pt. A, §100, is
repealed and the following enacted in its place:

15

16

17

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19

20

21

22

23

24

25

2. Membership. The commission shall consist of 9
members who are active in and representative of the
blueberry industry. Each member shall be aware of the
opinions and needs of the member's constituency and
communicate the results of commission activity to this
constituency. Four members shall be blueberry growers
who have no processing facilities; 4 members shall be
blueberry processors who may or may not be growers and
one member shall be the Commissioner of Agriculture,
Food and Rural Resources or a designated departmental
representative.'

26

27

Further amend the bill in section 2 by inserting
at the end the following:

28

29

30

31

'Members shall be required to report any change in
their relationship to the industry which formed the
basis for their original appointments. Should a
change

COMMITTEE AMENDMENT " B " to S.P. 921, L.D. 2412

1 take place, the commissioner shall replace that member
2 with a person who currently is employed in that
3 segment of the industry which the replaced member
4 represented.'

5 STATEMENT OF FACT

6 This amendment adds a representative from the
7 Department of Agriculture, Food and Rural Resources to
8 provide an uneven number of board members. The
9 amendment keeps the requirement of the original bill
10 that the commission membership be split equally
11 between processors and nonprocessors. Membership
12 currently is weighed in favor of processors. This
13 amendment requires replacement of a member who no
14 longer works in the section of the industry that he
15 was appointed to represent.

16 5239032888

Reported by the Minority for the Committee on Agriculture.
Reproduced and Distributed Pursuant to Senate Rule 12.
(4/5/88) (Filing No. S-406)

1

L.D. 2412

2

(Filing No. S- 530)

3

STATE OF MAINE

4

SENATE

5

113TH LEGISLATURE

6

SECOND REGULAR SESSION

7

SENATE AMENDMENT " A " to COMMITTEE AMENDMENT "A "
 to S.P. 921, L.D. 2412, Bill, "AN ACT Concerning
 Membership on the Maine Blueberry Commission."

10

11

12

Amend the amendment by striking out everything
 after the 2nd indented paragraph after the title and
 inserting in its place the following:

13

14

15

'Appropriation. The following funds are
 appropriated from the General Fund to carry out the
 purposes of this Act.

16

1988-89

17

LEGISLATURE

18

Study Commission - Funding

19

Personal Services

\$1,400

20

All Other

2,200

21

22

Total

\$3,600

23

24

25

26

Provides for the per
 diem, travel and
 related expenses of a
 5-member subcommittee

SENATE AMENDMENT " A " to COMMITTEE AMENDMENT "A " to
S.P. 921, L.D. 2412

1 to study the
2 Organization of the
3 Maine Blueberry
4 Commission, authorized
5 by the Legislative
6 Council to fund 3
7 meetings of the study
8 committee and one
9 meeting of the Joint
10 Standing Committee on
11 Agriculture.'

12 STATEMENT OF FACT

13 This amendment provides that the study shall be
14 undertaken as one authorized by the Legislative
15 Council.

16

5750042088

17 (Sen. PEARSON)

18 SPONSORED BY:

19 COUNTY: Penobscot

Michael Pearson
JPB

Reproduced and Distributed Pursuant to Senate Rule 12.
(04/21/88) (Filing No. S- 530)

L.D. 2412

(Filing No. S-405)

STATE OF MAINE
SENATE
113TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT " A " to S.P. 921, L.D. 2412,
Bill, "AN ACT Concerning Membership on the Maine
Blueberry Commission."

Amend the bill by striking out all of the title
and inserting in its place the following:

'AN ACT to Require a Study of the Maine Blueberry
Commission.'

Further amend the bill by striking out everything
after the enacting clause and inserting in its place
the following:

'Sec. 1. Committee created and charged;
established; membership. The Committee to Study the
Organization of the Maine Blueberry Commission is
hereby established. The committee shall consist of a
subcommittee of 5 members of the Joint Standing
Committee on Agriculture selected by the chairmen of
the committee. The chairmen shall call the first
meeting of this study committee no later than August
1, 1989. The study committee shall select its
chairman at this first meeting.

Sec. 2. Duties. The committee shall study the
following issues:

COMMITTEE AMENDMENT " A " to S.P. 921, L.D. 2412

1 1. Commission membership including possible
2 representatives from the following constituencies:

3 A. Growers who do no processing;

4 B. Companies which grow and do fresh-pack
5 processing only;

6 C. Companies which grow and do types of
7 processing in addition to fresh pack;

8 D. Processors who do no growing;

9 E. Growers involved in direct marketing;

10 F. Wholesalers of blueberries;

11 G. Food stores;

12 H. Members of the academic community specializing
13 in research and development or marketing;

14 I. Professionals in the fields of marketing,
15 advertising or promotion; and

16 J. The Department of Agriculture, Food and Rural
17 Resources;

18 2. Whether the representative of a given
19 constituency should be required to be actually
20 performing the functions represented by his
21 constituency;

22 3. Whether members should be appointed by the
23 Governor, the department, the directors of the
24 interest groups represented or the board of the
25 interest groups represented;

26 4. Whether any funding problems will be
27 occasioned by increased committee membership;

28 5. How regional representation will be provided
29 for;

30 6. Whether the chairman shall be selected by the
31 Governor, the department or the commission;

P. 315
COMMITTEE AMENDMENT " A " to S.P. 921, L.D. 2412

1 .7. Whether a quorum for voting purposes shall be
2 based on all members or all members present at a duly
3 announced meeting;

4 8. Whether there should be a certain number of
5 meetings a year, as called by the chairman or as voted
6 by the members;

7 9. The length of terms of office and any limits
8 on the number of terms that can be served;

9 10. The basis for removing commission members and
10 whether the removal power should be with the
11 commission or with the appointing authority; and

12 11. Who should determine the time and location of
13 meetings.

14 Sec. 3. Report. The study committee shall
15 present its findings, together with any recommended
16 legislation, to the Joint Standing Committee on
17 Agriculture by December 1, 1988. That committee shall
18 present its report and legislation to the Legislature
19 by January 1, 1989. If a request for extension is
20 needed while the Legislature is not in session, it may
21 be acted upon by the Legislative Council.

22 Sec. 4. Staff assistance. If staff assistance
23 is desired, it shall be requested from the Legislative
24 Council.

25 Sec. 5. Agency participation. The committee
26 shall seek the advice of similar commissions and
27 agencies of State Government that deal with such
28 commissions.

29 Sec. 6. Compensation. The members of the
30 committee shall receive the legislative per diem, as
31 defined in Title 3, section 2, for each day's
32 attendance at Committee meetings, except when the
33 meeting is held in Augusta during a day when the
34 Legislature is in session. Members shall also receive
35 expenses upon application to the Executive Director of
36 the Legislative Council.

37 Sec. 7. Budget. If the committee requires

R. of S

COMMITTEE AMENDMENT " A " to S.P. 921, L.D. 2412

1 funding for additional meetings, it shall make request
2 of the Legislative Council which shall be empowered to
3 act upon such a request.

4 Sec. 8. Appropriation. The following funds are
5 appropriated from the General Fund to carry out the
6 purposes of this Act.

7 1988-89

8 LEGISLATURE

9 Committee to Study the
10 Organization of the Maine
11 Blueberry Commission

12	Personal Services (per diem)	\$1,400
13	All Other	2,200

14		
15	Total	<u>\$3,600</u>

16 To fund 3 meetings of the study
17 committee and one meeting of the
18 Joint Standing Committee on
19 Agriculture.'

20 STATEMENT OF FACT

21 The original bill called for a change in the
22 composition of the Maine Blueberry Commission from 5
23 processors and 3 growers to 4 and 4. This bill sets
24 up a subcommittee of the Joint Standing Committee on
25 Agriculture to study the organization of the
26 commission.

27 5320040188
Reported by the Majority for the Committee on Agriculture.
Reproduced and Distributed Pursuant to Senate Rule 12.
(4/5/88) (Filing No. s-405)

Bibliography

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Springfield Farm Credit Banks, July 1983
2. Statistical Records of 1987, J. Peter Holbeich, North
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3. Wild Blueberry Consumer Market Analysis, Baseline Market
Research for WBANA, January 1988
4. Blueberry Fact Sheet, Co-operative Extension Service, UMO
5. Blueberry Market Development, Food Business Associates for
NABA, September 1981

Appendix F

"Wild Blueberry Consumer Market Analysis",
prepared for WBANA by Baseline Market Research, January 1988.

Research Conclusions

1. Wild blueberries have been able to maintain their position in the marketplace with little need for a detailed marketing strategy. However, recent changes in production, competition and the overall environment suggest the need for a long term, marketing-oriented approach to market maintenance and the development of new opportunities.
2. The material collected through personal interviews suggests that markets once considered to be secure for wild blueberry producers might not be as secure in the future. The major threats to this market involve the potential competition from cultivated berries, the use of blueberry nuggets and other artificial substitutes and changing eating patterns. For example, increasing use of products for microwaves such as pancakes, muffins and waffles may not be as likely to demand wild blueberries as an ingredient.
3. Those involved with W.B.A.N.A. represent a variety of interests, sometimes competing, and yet each seems to recognize the need for some revision in the overall approach. However, some competing interests have also presented obstacles to effective, long term planning.
4. Within the Atlantic region, specifically New Brunswick and Prince Edward Island, there are opportunities which do exist, but in reality, these are not distinct from the overall strategy of W.B.A.N.A. or immune from the strategies of independent producers and processors in Nova Scotia, Quebec and Maine.
5. Material collected suggests that the market potential for fresh, wild blueberries is significant. However, it is also limited by a variety of factors. When the problems in this market are solved, this will become a highly competitive market. Prices may well be lower than one might currently expect, given the increased competition of highbush and lowbush sellers.
6. Given the response received, wild blueberries have a distinct advantage. That advantage is more linked to a general impression of "wild" than to a specific impression of lowbush blueberries.

7. The development of unique market opportunities must be a coordinated and planned effort to insure adequate supply and maintenance of a quality image to enhance the positive value of the product within all market segments.
8. The absence of product awareness and product use is significant. While many are consuming increased amounts of fruit, there is not a indication that blueberry consumption is increasing within the average household.
9. Opportunities for growth exist, but they must be planned to be achieved in a productive and profitable fashion.

6622*

Appendix G

"The Maine Wild Blueberry Industry",
Farm Credit Banks, Springfield, Massachusetts, 1983.

FINAL THOUGHTS

The outlook for the Maine wild blueberry industry throughout the 1980's is bright and exciting. It has a product that is strongly in tune with consumer trends towards variety in the diet, healthful foods, and natural foods. "Wild" appears to have a consumer franchise all its own. Wild blueberry production is on the verge of major technological innovations that could result in lower costs per pound. While there is intense competition among processors in selling each year's crop, the industry has established the institutions necessary for cooperative research and product promotion. Maine and the Canadian provinces see themselves as one industry, not several, and it is easy to forget that there is an international boundary running through the middle of the wild blueberry industry. Industry leadership in Maine and Canada has successfully "kept the peace" with the cultivated blueberry industry in order to capitalize on projects that are beneficial to all blueberries and to avoid unproductive competition between wild and cultivated berries.

Amidst this bright outlook, traditional business risks and some new ones remain. Year-to-year variation in crop size in Maine and other blueberry production areas continues to be a major element of the blueberry business. The challenge of improving productivity and keeping costs under control will continue to be vital. Blueberries are consumed because people like to eat them, not because they are a necessity or a diet staple. Blueberries are also one of the more expensive fruits. The market for foods that people like to eat is a profitable one, and many other products offered by other marketers will compete with blueberries within it. Exports of blueberries to offshore markets brings with it an entirely new set of market risks.

All of these risks can be controlled, managed, and/or adapted to by individual growers and processors, and the industry as a whole if they choose to do so. It appears that this is the case in the Maine wild blueberry industry. If this continues to be so, the Maine wild blueberry industry will be one of the best success stories in Northeast agriculture during the 1980's.

6622*

Appendix H

BLUEBERRY INDUSTRY
Panel Members
(7-9 P.M. Sept. 6)
Millbridge Town Hall

Delmont Merrill
Merrill Blueberry Farmers, Inc.
P.O. Box 149
Ellsworth, ME 04605

Thomas Rush
Chairman
Maine Blueberry Processors - Growers Association
Box 128
Cherryfield, ME 04622

Leon Look
President
Downeast Blueberry Growers Co-op
Box 64
East Machias, ME 04630

C.E. Masalin
Masalin Road
Lincolntonville, ME 04849

Robert Phillips
Jasper Wyman and Sons
Millbridge, ME 04658

Cary Nash
Appleton, Maine 04862
Chairman, Maine Blueberry Advisory Committee

Stanley Bailey
Pleasant River Co-op
P.O. Box 9
Columbia Falls, ME 04623

BLUEBERRY COMMITTEE
AGENDA
September 29, 1988
Room 437

Wallace Dunham, Dean
College of Life Sciences and Agriculture
University of Maine

Lewis Wyman
Program Leader
Co-operative Extension Service

Frederick Olday
Research Scientist
Jasper Wyman and Son

Gary Agiropoulos
Produce Buyer
Hannaford Bros. Co.

Donald Lemieux
Director of Purchasing
Jordon Foods Corp. (Food Service Distributor)

Blueberries

NORTH AMERICAN BLUEBERRY COUNCIL • P.O. BOX 166 • MARMORA, NJ 08223 • 609/399-1559

Tentative NABC 1989 Budget Draft
As Recommended by Executive Committee
Fall Meeting - September 22, 1988

	1989
PUBLICITY & PUBLIC RELATIONS	
I. Consumer - Ruth Lundgren	\$ 75,000
II. Food Service - Evans/Kraft	100,000
III. Educational Program	7,000
PROMOTION & ADVERTISING	
Promotion & Advertising	5,000
Printing	8,000
Travel	7,000
NABC Meetings expenses	4,000
Blueberries for editors	4,500
Recipe development & Printing for new Consumer folder	15,000
RESEARCH & CONSULTING	
Staff	7,000
Expenses & Publications	5,000
Long Range Planning	30,000
MARMORA OFFICE	
Salary - Secty/Mgr.	32,000
Office help - Seasonal Labor	4,000
Payroll	
Social Security & Unemployment	2,650
Hospitalization	1,600
OPERATING EXPENSES	
Bookkeeping, Legal & Audit	2,200
Insurance	3,000
Office Rent	6,600
Utilities	1,500
Dues & Subscriptions	2,000
Office supplies & postage	10,000
Calyx newsletter	7,200
Phone	3,500
Maintenance & Repair agreements	2,000
Equipment Rentals	800
Capital Outlay	500
Unclassified	500
	<hr/>
	\$ 347,750

HCR 69 Box 164
East Machias, Maine 04630

March 25, 1988

To: Agriculture Committee Member

re: LD. 2412:

My name is Leon Look. I testified before your committee and work session on March 22 & 23. It was an interesting experience, but also a very frustrating one for the following reasons. As I sat through the hearing and work session I could perceive two distinct misconceptions being expounded and built on by the processors. I could not address these issues in the work session because the proper questions were not asked of me (therefore the frustration) and I could sense the importance that the three dissenting legislators put on these two points being given by the processors, please bear with me: point no. 1, a small number of growers - not representative of the 700 independants.

Solution: Legislative panel wanted public hearing.

Realistic expectation: A generous gesture but would not accomplish its purpose, (open forum for independant growers to speak). You would get a few but most would be very reluctant to speak out - why?

As I told commissioner Bernard Shaw in Calais last year, the southern states share cropping system is alive and well in the Washington County Blueberry Industry. 'The working for the Company Store System' (with modern improvements) is as much a tradition in the Blueberry Business today as apple pie is American. I had the notion that a partition might serve the same purpose, but then I could see the folly of that idea. Imagine being able to push a button on a computer and instantly pick a name out. With only a few choices of processors to sell to (it is a small industry when considered on a National Scale) to sign such a list would be tantamount to saying 'I am all done growing blueberries'. This is not so with Debbco Members because we were, forced, stonewalled two years ago and are now selling to a Canadian firm.

In view of the above please be aware that if a public hearing ever is held in Washington County, be prepared for a disappointingly small turn out, to even be seen at such a meeting would be like associating with the Ku Klux Klan.

Misconception no. 2: Processors spend vast amounts of time promoting, advertising, developing whatever. Conclusion by legislative panel; these people (processors) are the backbone of the market surge (Demand).

Fact: Four meetings a year does not represent a vast amount of time. I have been to the meetings. An advertising company presents its ideas on promotion and if the tax commission thinks it is worth while then it is funded, (we only hear about the successes, never the failures).

Fact: If I was growing five million lbs. of blueberries I would be putting in more time too. This time is spent repairing equipment in the winter, burning in the spring, applying herbicides, and playing golf on weekends.

Fact: The tax money is creating a sellers market, demand is greater than supply, but the only sellers that benefit are the processors, because all of the blueberries are stored in their freezers!!

Summary: If a person were to set down and devise a plan to become a millionaire, you could not do better than to emulate the Blueberry Barons of Washington County. I realize that it is a system that has been refined over a period of 150 years, but the basic concepts are simple.

Do not committ yourself to a price before or during the harvest season, talk only in general terms, always speak of a glutted market, especially cherries - apples and other fruit. Build on a fear that you may not be able to handle the customers product but since he is an old and valued producer you will take his product and pay what you can, always with the statement that there may be a bonus later on. Sometimes this bonus is paid the following year, just before the next harvesting season, sometimes only to a favored few, it may be justified by calling it extra money for trucking to the recejving station, also such as providing a service, i.e. burning the land for less than is charged other people etc. etc.

Do you really think you could draw these things out in a public hearing? Absolutely not!!!

Some of us in Washington County are stubborn and tenacious, such as Karl Heilsberb and David Kilton, two speakers preceding me at the legislature hearing and we may be back before you again on this issue.

Leon Look

cc: Commissioner of Agriculture

cc: Washington County Legislative Delegation

East Machias
Sept. 13, 1988

TO: Legislative Committee on Blueberry Industry

At the meeting in Milbridge on the 6 th I was surprised and frustrated at the late start and early closure of the meeting. I had much more information to give, some of which I will try to summarize here: the U.M.O. Extension budget should be greater because it is currently the best source of assistance to the Independent Blueberry Grower. The Extension assisted in forming the Washington County Blueberry Growers Association and also assisted in forming the Washington County Bee Keepers Association which if successful will help small growers in obtaining bees for pollination, this has been difficult in the past because Wyman's and Cherryfield Foods take all of the bees by the trailer truck load, leaving none for smaller growers.

I realize that the processors would like to shut down the Extension Office and in fact are trying to do this through the County Commissioners, I think it would be a blow to all of the people in Washington County if we lost this valuable resource. More of the growers tax money should be plowed back into programs that will help them. It is time that the processors stood on their own two feet and did their own marketing.

I am not advocating a breakup of the tax commissioners only a larger percentage of the pie than the Extension now gets. A better system of electing delegates to the Commission should be implemented, three from Washington County, one from Hancock and one from the other areas.

An interesting sidelight on the way processors in Washington County continue to boycott Debbco: this year, 1988, Debbco contracted to freeze 1.3 million lbs. The first invitation to bid went to eighteen prospects, including all processors in Washington County. From three bids returned, none were from Washington County and the highest bid (matched by Merrills Farms in Ellsworth) was from a Canadian Processor in Quebec.

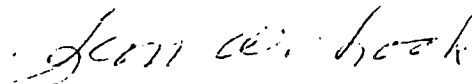
It is far too soon to include a fresh pack representative on the Commission, we don't even know if this segment of the industry is going to survive!! They can't fill their orders now, what do they want more for!!!

I have, on several occasions, discussed the make up of the Commission with the current chairman, Delmont Merrill, he assures me that he has no problem with having a 5 & 5 split on the board. We are in agreement that

we want fine tuning, not major surgery.

I hope the book I left with you, on the Blueberry Industry, has been helpful. I am sure there is many things I have left unsaid. If I can be of assistance in the future call me at 259-3906 or write Leon A. Look HCR 69 Box 164 East Machias, ME 04630.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Leon A. Look".

Leon A. Look

TESTIMONY OF

THOMAS RUSH

IN OPPOSITION TO L.D. 2412

AN ACT Concerning Membership on the Maine Blueberry Commission

March 22, 1988

Senator Matthews, Representative Tardy and Members of the Agricultural Committee:

My name is Tom Rush, General Manager of Cherryfield Foods, a large blueberry growing and processing company located in Cherryfield, Maine, the blueberry capital of the world. I am representing the Maine Blueberry Processors/Growers Association.

The following is a brief history of the Blueberry Commission prior to its current composition which came into being in 1984.

There used to exist two separate taxes self imposed -- namely growers tax of three mils/lb. and processor tax of 2 mils/lb. Growers tax went to funding research projects at U.M.O., i.e. increase production, crop protection (insect and disease) and food science. Processor tax went to promotion and marketing and additional support for U.M.O. research projects. Growers tax was dispensed by the U.M.O. Blueberry Advisory Committee and processor tax was dispensed by the Blueberry Commission.

1983 - crop doubled and need for additional funds for promotion and marketing was evident. The Blueberry Industry increased tax burden to generate funds to meet this need. 1/2-cent growers - 1/2-cent processors. Membership on the committee changed from five processor members to the addition of three grower members. Many processors are growers as well. As a matter of fact, all the existing members are growers, five members happen to be processors as well. Approximately 50% of all blueberries produced in the state are produced by growers who are also processors. Therefore, of the tax monies generated, 75% come from grower/processors and 25% from growers only. Simply put, it is more than fair to have

stronger grower/processor representation on the commission when in fact they pay the lion's share of the tax.

The Blueberry Commission by law is charged with the allocating of tax funds to "promote the prosperity and welfare of the state of Maine and the blueberry industry of this state." To do thhis the funds are dispersed into two major categories.

1. Promotion and Marketing

2. Research and Extension

Other Administration - State

The Blueberry Commission has done its work admirably. The promotion and marketing efforts that resulted from the increased tax revenues have solved the burdensome inventories of three and four years ago, and increased the value of our raw product by nearly 100%. New products are evidenced in all major supermarkets. The demand is there. Additional new products are forthcoming and the overseas demand is strong. Our dollar is currently favorable favored for increased exports at firm prices. This translates into profits for growers and processors alike. A commission that has succeeded in its mandate ought not to be tampered with. "If it ain't broke don't fix it"!!

Enclosed is a letter from Del Merrill, Chairman of the Blueberry Commission whereby all members, grower and grower/processor alike voted against LD 2412.

Thank you. Any questions, I'll be glad to respond.

JK 11/10/88

AGR 6832*

Submitted Pursuant to Private and Special Laws 1987 Chapter 130

FIRST REGULAR SESSION

ONE HUNDRED AND FOURTEENTH LEGISLATURE

Legislative Document

No.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY NINE

AN ACT Concerning Membership on the
Maine Blueberry Commission

Be it enacted by the People of the State of Maine as follows:

36 MRSA §4312-B sub-§§1 thru 3 are repealed and the following enacted in their place.

1. Membership & responsibility. The Commission shall consist of eight members. Five members shall be processors and three members shall be growers. There shall be one grower member representing each of three districts; namely, Washington County, Hancock County and all other Maine counties. This member shall have the majority of his blueberry lands within the district that he represents. For the purpose of this section, only, a fresh packer shall be considered a grower. Should any member be unable to attend a Commission meeting he may designate someone to be his legally constituted representative and shall inform the Chairman of the Commission of his action prior to the meeting.

All members shall be responsible for ascertaining the views of the constituency that they represents, for keeping that constituency informed of the Commission's activities and their activities as a member and for regular and prompt attendance at Commission meetings.

If any member no longer has the relationship to the industry that he had when appointed or elected or, if a grower, no longer has the major portion of his lands within the district from which elected, he shall promptly report this fact to the Chairman of the Commission. The Chairman shall declare the seat held by that individual to be vacant. The member shall, however, continue to serve until a replacement is appointed.

2. Selection. Processor representatives shall be appointed by the Commissioner of Agriculture. Grower representatives shall be elected by district by the blueberry growers in that district. To be eligible to vote a grower must have paid, or had deducted, within the last year the tax imposed by section 4307.

3. Terms of appointment or election. For processor representatives the term of office for each new appointment or reappointment shall commence on September 1st of the year appointed and continue for a term of 4 years or until a successor is duly appointed and qualified.

For grower representatives, the term of office shall be 3 years. No grower shall serve more than three consecutive terms.

Grower members of the Commission with current appointments shall continue to serve for the duration of their appointment. At that time they shall be replaced by a member elected according to the provision of this section. The appointed member shall be replaced by a person elected from the county from which the replaced member came, except that the first replaced Washington County member shall be replaced by a person from Hancock County. If that member's land is in the appropriate county, an appointed grower member is eligible to be elected to the seat that he is vacating.

To fill any Commission vacancy, however caused, the Commissioner of Agriculture shall appoint a successor for the duration of the unexpired term. This successor shall represent the same constituency as the member who vacated the seat. This appointment shall take place within 60 days of the seat becoming vacant.

Sec. 2. 36 MRSA §4312-B sub-§§7 & 8 are enacted to read:

7. Election of grower members. The Chairman of the Commission shall be responsible for the timely conduct of elections to fill grower seats on the Commission.

The Commission shall promulgate such rules as are necessary for the proper, timely and efficient conduct of the elections within the intent of this section. Both the rules governing the elections and the administration of the elections shall seek to maximize the number and representativeness of those voting and to secure an adequate number of qualified, representative nominees for office.

8. Removal of a member. Failure to abide by the provisions of this section shall be grounds for removal of any member if so voted by two-thirds of the remaining members of the Commission. The disqualification shall take effect immediately and the seat declared vacant.

STATEMENT OF FACT

The Maine Blueberry Commission is responsible for determining how the Maine Blueberry Tax is spent as between research and development and promotion. The Commission consists of 5 processors and 3 growers, all of whom are appointed by the Commissioner of Agriculture for a term of 4 years.

This bill requires that the 3 grower members of the Maine Blueberry Commission be elected rather than appointed, as they currently are. For the purposes of the election the State would be divided into 3 districts and growers in each district would elect a grower from that district to membership on the Commission. The term for which elected would be 3 years.



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Commissioner's Comments

by Stewart N. Smith

CHALLENGING NEW TRENDS IN THE BLUEBERRY INDUSTRY

Last week, I had the pleasure of meeting with a committee that advises the University of Maine on blueberry industry research needs. After the meeting, we toured the Blueberry Hill Research Farm. It was particularly interesting because of the significant changes currently taking place in the blueberry industry.

New technologies, most notably the use of a new herbicide called Velpar, have provided the industry with substantially increased yields and, therefore, substantial increases in total production during the past two years. That means new markets must be developed for blueberries either in fresh or processed form, and optimally both. Consumers must be encouraged to eat more blueberries and blueberry products. Toward this end, the industry recently introduced legislation to double the promotion fees paid by growers in order to increase advertising and marketing efforts. This measure was approved during the last legislative session and should be of significant help in marketing the increased amount of blueberries to be sold.

As challenging as the need for new markets is, the impact of the new production technology may be greater on blueberry culture itself. An effective herbicide means that fields will now contain a greater proportion of blueberries, with little other plant growth. This year's crop is the first one that has been produced under the commercial and wide-spread use of the new herbicide, Velpar. During the tour of the Research Farm, it was noted that there seems to be an increase in the incidence of certain blights, probably caused by the greater density of blueberry plants in the fields. That means researchers and



producers are confronted with the challenge of reducing these diseases to protect the increased yields created by the herbicide.

In addition to diseases, growers will also be challenged by the growth of new types of weed plants that the herbicide itself does not control, but which in the past had been controlled by other plant growth. In other words, herbicides tend to eliminate one set of plant species but allow other plant species to emerge in their place. The use of Velpar may also require new strategies to prevent soil erosion.

In short, as the blueberry industry adopts this herbicide, researchers and producers are likely to face ever increasing challenges to counter potential negative impacts caused by the new cultural practices.

The experience the blueberry industry will have in the next few years is similar to the challenges other agricultural industries face as they introduce new technologies. The blueberry case is an especially interesting one, however, because the yields have been increased so markedly in such a short period of time. I sensed that the researchers involved will address the new challenges with enthusiasm, and that growers will be especially careful to keep on top of the latest information. On the other hand, some people will question the wisdom of moving further away from the more natural, traditional cultivation system. One thing seems certain — consumers will be able to enjoy an increasing supply of a very delicious fruit, unparalleled in its taste and color.

BUGNOTES

by Don Mairs, IPM Director

It looks like sweet corn producers are going to face substantial insect problems this summer. European corn borers are abundant around the state, and the flight period of the borer moths this season seems to be somewhat extended. In addition, corn earworm moths have come into the state earlier than usual. Earworms have already been caught in the pest survey traps at nearly all central and southern Maine survey locations. Reports indicate that both borers and earworms are now entering corn plants. And, as if that were not enough, fall armyworm moths have also been detected in Maine during the past week. The first field infestation of armyworm larvae was noted in Belgrade on July 24, which is very early for this extremely destructive pest.

One of the best ways for corn producers and other vegetable and small fruit producers to keep on top of pest and disease problems is to call the toll-free UMO Extension Service pest management hotline. If you weren't aware of this valuable service, give it a try soon by calling 1-800-442-9890. The recorded message, updated at least weekly, provides a rundown on pest movements and disease breakouts in the state that affect corn and several other vegetables and fruits. Recommended control techniques are also suggested.

Besides telling farmers when control methods and sprays are needed, this can also allow them to avoid unnecessary spraying (and thus reduces costs) during periods when pests are not abundant. It's a free service well worth a quick phone call.

(For more information about this and other modern integrated pest management techniques and services contact the Department's IPM program at 289-3891.)

Continued on back page

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