A Study of the Maine Potato Industry
Its Economic Impact 2003 (Summary)

Executive Summary

The purpose of this study was to answer four questions.

1. What is the Maine potato industry? What activities are involved? How many jobs does it provide and how much income does it generate?
2. What is the full impact of Maine's potato industry on the State of Maine? Beyond those directly involved, how many related businesses depend for a portion of their sales on the potato industry? What is the fiscal impact of the industry on Maine's state and local governments?
3. What is the relative significance of Maine's potato industry within the industry's broader national and international market?
4. What are the keys to the future health of the industry? What can growers, processors, related industries and state policy makers do to enhance the vitality of the industry and thus secure its future as a continuing pillar of Maine's economy?

1. What is the Maine Potato Industry?

The Maine potato industry is a cluster of businesses involved in growing, processing, marketing, and transporting potatoes. It encompasses over 500 businesses generating nearly $300 million in annual sales, employing over 2,600 people, and providing over $112 million in income to Maine residents.

2. What is the Impact of the Potato Industry on the Maine Economy?

The Maine potato industry creates an impact that spreads throughout the State. The industry's direct sales of $293 million create an indirect impact back through its chain of suppliers amounting to another $179 million in sales and an additional 2,400 jobs. These impacts, in turn, create income for Maine consumers who spend throughout the economy. These induced effects add another $68 million in sales and 1,100 jobs to the State's economy.

In short, the total impact of the potato industry on Maine's economy is $540 million in sales, 6,100 jobs, over $230 million in personal income, and over $32 million in state and local taxes.

3. What is the Relative Significance of the Maine Potato Industry?

Maine's potato industry has declined in relative size as areas in the western U.S. and maritime Canada have increased production. However, Maine's acreage has stabilized in recent years and tremendous investment has been made in irrigation, storage, and processing. Maine continues to play an important role in the nation's potato industry.

4. What are the Keys to the Future Health of Maine's Potato Industry?

Over the past generation, Maine's potato industry has moved from dependence upon a single, basic commodity to a wider variety of specialized products. The future vitality of the industry depends on recognizing the nature of this change and capturing the opportunities it presents.

These changes have meant the departure of hundreds of growers from the business, and the withdrawal of thousands of acres from potato cultivation. It has not, however, been a death knell for the industry. To the contrary, the removal of marginal land from cultivation provides those growers who remain with an unprecedented opportunity to build a solid foundation for the future. If the approximately four hundred growers now cultivating approximately 64,000 acres make a commitment to increasing their yields on that land and growing the product their customers want, the industry can maintain its cluster of support businesses and look forward to a bright future. The key factors that will determine this future are:

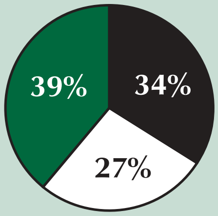
- Increasing yields through investment in water sources, irrigation equipment, potato storage facilities, and rotation crops;
- Improving product selection and presentation through closer relationships with customers;
- Improving financial health through continuous improvement in business management practices; and
- Strengthening and diversifying the processing sector.

Economic Impact of the Potato Industry

Industrial Sector	Sales ($1,000)	Employees	Income ($1,000)
Direct Impact			
"Sales" to Growers	$6,958	110	$3,000
Sales to Chippers	$12,348	180	$5,200
Fresh Pack Sales	$35,552	530	$10,400
Seed Sales	$25,492	380	$7,900
Processors	$150,000	800	$58,100
Starch	$9,000	30	$2,000
Cattle Feed	$2,000	20	$700
Wholesale Margin	$13,250	300	$9,300
Transport Sales	$38,400	300	$15,400
Sub-total	$293,000	2,650	$112,000
Indirect Impact	$179,200	2,400	$82,700
Induced Impact	$67,800	1,100	$38,800
Total Impact	**$540,000**	**6,150**	**$233,500**

Source: IMPLAN Pro model run by Planning Decisions. "Sales" to growers is the production value of waste and on-farm use of potatoes.

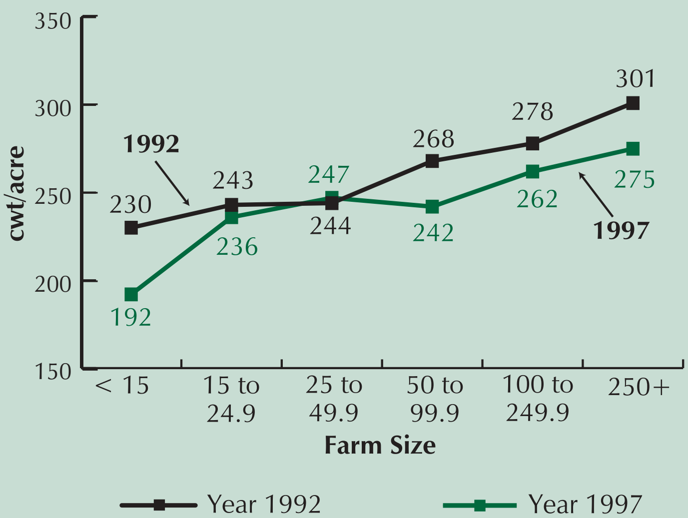
Student Participation During Harvest, 2002



Average Earnings

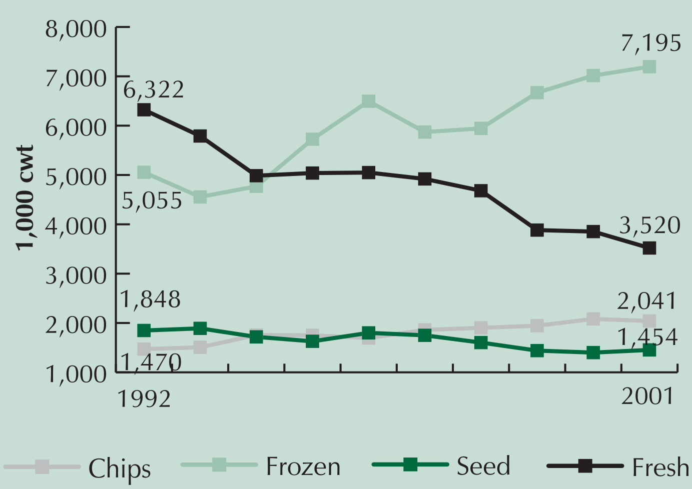
Projected Harvest Earnings	$562	Total Harvest	$752,675
Projected Related Earnings	$258	Total Related	$330,970
		Total	**$1,083,645**

Yield per Acre by Farm Size, Maine, 1992 and 1997 (cwt/acre)



Source: U.S. Department of Agriculture Census of Agriculture, 1992 and 1997, http://govinfo.kerr.org

Maine Potato Production, 1992–2001 (1,000 cwt)



Source: U.S. Department of Agriculture, National Agricultural Statistics Service, Potatoes Final Estimates, 1992-97 and 2001 Summary.

Fiscal Impact of the Maine Potato Industry

Local Taxes	Amount
Local Property	$11,880,000
Other Local Taxes	$300,000
Sub-total Local	$12,180,000
State Taxes	
General Sales	$6,380,000
Motor Fuel	$1,360,000
Other Selective Sales	$1,220,000
Individual Income	$8,100,000
Corporate Income	$1,130,000
Motor Vehicles	$590,000
Other State Taxes & Fees	$1,600,000
Sub-total State	$20,380,000
Total Tax Revenue	**$32,560,000**

Production, Irrigation, and Yield, Major Fall Potato Producing States, 1997

State	Acres	% Irrigated	Yield
Idaho	394,977	100.0	355
Colorado	85,446	100.0	323
Oregon	57,653	99.4	474
Nebraska	24,630	97.6	390
Washington	155,074	94.7	569
Wisconsin	85,304	91.6	354
Michigan	44,931	74.6	300
Minnesota	72,434	52.1	282
New York	23,923	33.0	275
North Dakota	109,777	26.0	200
Maine	**73,085**	**11.8**	**261**

Source: U.S. Department of Agriculture Census of Agriculture, 1997 Table 51Number of Potato Farms. Harvested Acres, Percent Irrigated.

Maine's Ranking Among Major Fall Potato States, 1997

Category	Rank
Acreage	6th
Production	8th
% Irrigated	11th
Yield	10th

Source: U.S. Department of Agriculture Census of Agriculture, 1997 Table 51 Number of Potato Farms. Harvested Acres, Percent Irrigated.

MAINE POTATOES

For a complete copy of the ***A Study of the Maine Potato Industry Its Economic Impact 2003***, please visit our website:

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