

Water world

Small-biz advocate Jim Wilfong's proposed tax on bottled water already has some Maine businesses up in arms

BY TAYLOR SMITH ~

Water, according to Jim Wilfong, is Maine's oil: He came to that conclusion last year as he drove with a friend through the oil fields of east Texas. Wilfong, a business leader and former state legislator from Fryeburg, was struck by the poverty in the area, and the oil-rich region's

The Wilfong file

Age: 57

Hometown: Stow

Education: Fryeburg Academy, 1964; University of New Hampshire (dropped out, 1965)

Career highlights: Maine House of Representatives (1974-78); Small Business Administration's assistant administrator for international trade; marketing and sales consultant; educator

Current activities: Organizing Maine's Water Dividend Trust initiative; entrepreneur in residence at the Center for Entrepreneurial Leadership at the Kansas City, Mo.-based Ewing Marion Kauffman Foundation; working to establish an international trade mission between American and Vietnamese veterans of the Vietnam war

Family: Lives in Stow with wife, Valerie, and their two children

inability to benefit from the huge economic windfall in its own backyard. He figured Maine, a state that relies heavily on its natural resources, was poised to share a similar fate unless action was taken to protect its valuable commodity.

According to Wilfong, Maine's public and private sectors have spent billions keeping the state's groundwater supplies clean; bottled water companies, he contends, are getting a free ride by marketing their products' clean Maine attributes, but paying just a pittance in taxes. Wilfong figures that the gross profits on one acre-foot of water sold (roughly 326,000 gallons) by companies such as Nestlé Waters North America Inc., which owns the Poland Spring brand, come to more than \$1.3 million. The amount Nestlé pays for that water? Just \$1,630, or about half a penny per gallon, according to one agreement the company reached with the state Department of Conservation.

The solution, says Wilfong, is to tax purveyors of bottled water, who package and sell half a billion gallons of Maine groundwater each year. He recently

submitted to the Secretary of State a citizens' initiative that would charge the companies 20 cents per gallon of water taken from the state's water supply. The next step: gathering the 50,519 signatures required to put it on the ballot in either November or next June.

The proposal has led detractors — largely representatives of bottled water companies — to charge that Wilfong is anti-business, a unique irony for a man with a long history of educating entrepreneurs via FastTrac, a program he founded in Maine. In fact, Wilfong recently was recognized as veteran small business advocate of the year by the Small Business Administration's Maine district.

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And his zest for small business — with the emphasis decidedly on *small* — is evident in his plan for the revenues from the bottled water tax, which would be stored in a fund called Maine's Water Dividend Trust. The funds, which he estimates would hit \$100 million in the first year alone, would be parceled out to municipalities in aquifer zones, the Land for Maine's Future program, the Department of Conservation and Maine taxpayers; who would receive a yearly MWDT dividend. One quarter of the fund would be used to finance infrastructure projects through state and municipal bonds. But the largest chunk of the fund's money — some 40% — would

Entrepreneurial thinking

The oldest of six children, Wilfong is a serial entrepreneur who cut his teeth as a farm boy growing up in rural Oxford County. He would sell his family's home grown cucumbers, tomatoes and pumpkins from their front porch. He peddled earthworms to fishermen and blocks of ice to weekend campers.

But he says that his real entrepreneurial education didn't start until the early 70s, when a friend convinced him to become an independent East Coast sales and marketing rep for Sun Valley, Idaho-based ski accessory company Scott USA. Initially nervous about the proposition of working on his own, Wilfong quickly warmed to the situation. "It was just something I took to," he says. "Instead of working for somebody, punching the clock, I was responsible for my own success or failure."

Wilfong's stint with Scott USA was followed by a successful campaign for the Maine House of Representatives in 1974. He represented the Fryeburg district for two terms, joining a group of hopeful young politicians disillusioned by the recent Watergate debacle. "The average age of the Legislature dropped by 20 years when we were elected," says Wilfong, who adds that his stint at the State House was the best job he's ever had.

The entrepreneurial bug bit Wilfong again toward the end of his second term in the House. Another friend convinced him to head up the domestic operations for Austrian ski manufacturer Atomic, which in 1977 was looking to break into the competitive U.S. market. Wilfong's strategy was to market the skis through specialty retailers rather than mainstream ski shops. The result: Atomic skis gained market share hand over fist, rising from number 27 in the market to number two behind French ski-maker Rossignol in just a few years.

His second-favorite job, however, was on a much larger stage. In 1999, after holding a variety of positions ranging from venture capitalist to consultant for a manufacturer of hiking boots, Wilfong was offered a position in the Clinton administration as the SBA's assistant administrator of international trade. But before he took the position, Wilfong worried that he wasn't the right man for the job. "I told [SBA Administrator Aida Alvarez] that I might not be the person she was looking for because I'm not much of a bureaucrat," he says. "I'm not particularly good at pushing paperwork and I didn't want to get someone in a jam because I hadn't done the proper paperwork [Alvarez] said, 'You're just what we want. We have plenty of people to do the paperwork if it's not illegal, immoral or unethical and you think it's the right thing to do for

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small businesses, I'll back you up.' I was stunned."

Trickle-down economics

Wilfong was mentioned as a candidate for the SBA position by an old friend, Mary McAleney, the Maine SBA district director. Since his time in the Legislature, Wilfong has been plugged in to a network of movers and shakers in Augusta — many of whom, he says, are behind the Maine's Water Dividend, Trust initiative. Though he won't identify his supporters specifically, Wilfong expects them to go public in the next few weeks to drum up interest in the plan.

However, a vocal opposition already is emerging. Jim Milligan, owner of Gorham-based Carrabassett Spring Water, ticks off a list of economic hurdles his business already faces, including tests required to ship the company's water over state lines and Maine's bottle deposit tax. "The bottle deposit tax alone is killing us," he says. "Maine needs to focus on how they can make business grow, not how much they can tax [business]."

Jane Lazgin, a spokesperson for Nestlé Waters North America, puts her company's opposition to Wilfong's proposed tax in more direct terms: "A tax would wipe out profits and put in jeopardy 572 jobs," she says, referring to the number of people Poland Spring employs in Maine. "It would cost the state \$50 million [annually] in payroll, taxes and spending in local businesses. If you take a business and wipe out its profits, it effectively kills the golden goose."

Wilfong freely admits that smaller companies like Carrabassett aren't the intended target of this initiative; in fact, the initiative would exempt companies that bottle less than 500,000 gallons of water a year. (State officials aren't sure if anyone actually tracks how many gallons bottled-water companies draw each year in Maine, and Milligan of Carrabassett Spring Water can't say how many gallons his company bottles every year.) Wilfong's goal, he says, is to extract compensation from larger operations — like Nestlé — that are taking Maine's water for a song and leaving the state much like oil prospectors left the fields of east Texas: robbed of the profits of their natural resources.

But what if companies like Nestlé find the tax too burdensome and pull out of Maine? Dick Dyer, a Winthrop businessman and co-organizer of Maine's Water Dividend Trust, isn't worried. The bottled water market is so competitive, he says, that Maine's natural resources inevitably would attract another company willing to bear the tax burden;

And while jobs may be lost if the tax goes through, Wilfong is convinced that the money gleaned from the 20-cent-per-gallon tax would create thousands of new jobs by making more money available for the state's small businesses. "I want the money to be kept in Maine, circulating around Maine's economy," says Wilfong. "All of a sudden, people would say, 'We've got a good business idea, maybe we ought to move to Maine and make that happen.'"

Taylor Smith, *Malneblz* staff reporter, can be reached at tsmlth@malneblz.blz.