



**Testimony of**

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**Before the Committee on Agriculture, Conservation and Forestry regarding LD 1849 – An Act to Ensure Fair and Timely Payment in the Harvesting of Forest Products**

**Monday, May 15, 2023**

Senator Ingwersen, Representative Pluecker and members of the Committee on Agriculture, Conservation and Forestry, my name is Dana Doran, and I am the Executive Director of the Professional Logging Contractors of Maine. The Professional Logging Contractors of Maine (PLC) is a trade association that represents logging and associated trucking contractors throughout the state of Maine. The PLC was formed in 1995 to give independent contractors a voice in a rapidly changing forest industry.

As of 2021, logging and trucking contractors in Maine employed over 3,000 people directly and were indirectly responsible for the creation of an additional 2,500 jobs. This employment and the investments that contractors make contributed \$582 million to the state's economy. Our membership, which includes 200 contractor members and an additional 120 associate members, employs more than 75% of the individuals who work in this industry and is also responsible for 80% of Maine's annual timber harvest.

Thank you for providing me the opportunity to testify on behalf of our membership in support of LD 1849 – An Act to Ensure Fair and Timely Payment in the Harvesting of Forest Products. While this legislative change is not a priority of membership, and the issue that it appears to be trying to correct, has not been voiced by any of our members as problematic, we are still testifying in support of this measure if resources exist at the Department of Agriculture, Conservation and Forestry (DACF) to conduct the work required by this bill.

As background, about 50% of the timber harvest in Maine is conducted by contractors who work for landowners under service contracts, which includes investor-owned property, family managed land, mill managed land and state owned land which is managed by the Bureau of Parks and Lands. In all of these circumstances, contractors work under a service contract, where they provide a service (harvesting or trucking), but do not purchase nor market the wood from the harvest. They provide the service they are hired to provide, but generally, the delivery point or scaling are out of their control.

The sponsor has devised a strategy in this bill which will provide a watchdog to ensure payments to contractors are made within 15 days of wood crossing a scale. As I stated previously, I have not heard from any of our members who work under service contracts that there is an issue with

being paid once the wood crosses a scale at a mill. That said, we are not opposed to providing additional regulation and oversight to ensure that this happens if the resources exist at DACF.

With that said, I would like to bring to the attention of this Committee an issue that this bill does not address. Whether you decide to make it germane to this legislation is ultimately the decision of this committee.

The real issue for service contractors that has not been addressed by this bill occurs in circumstances where markets are lost suddenly, which has happened often over the last three years. As an example, in 2020, the Pixelle mill's digestors blew up suddenly. The Pixelle mill consumed softwood pulp, which had been produced by a majority of service contractors during the winter of 2019-2020. Unfortunately, the mill blew up before the wood could be processed and scaled at the mill. In some cases, the landowner/land management company that employed the contractor was able to find a home for that softwood pulp, but there were many cases where this didn't occur. Thus, the wood was never delivered to a mill and never crossed a scale. The contractor provided harvesting services, but never got paid for those services.

10 MRSA, Section 2363-A.2.B does provide for an alternate form of payment when wood cannot be scaled within 15 days of felling. However, it is rarely followed, and the contractor is put in the cross hairs if they request payment for services and are trying to ensure they are re-employed in the future. The Pixelle example is not singular event where this has happened, and my guess is that this is also occurring in 2023 as a result of the Old Town and Woodland mill shutdowns.

As a recommendation to this committee, if there are resources available for DACF to inspect payment for wood that crosses a scale, the same type of services should also be provided with respect to ensuring payment is made for wood that is harvested, but is not scaled within 15 days (10MRSA, Section 2363-A.2.B). Service contractors work extremely hard to provide quality service and they should be paid for that service, without fear of retribution, regardless of whether it sits on the forest floor or at a mill.

Thank you for the opportunity to provide the opinion of our membership before you today and I would be happy to answer any questions you may have at a future work session.