



**Testimony of**

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**Before the Committee on Taxation in Support of LD 1486 – An Act To Exempt  
Tractor Trailer Trucks from the Excise Tax**

**Wednesday, April 26, 2023**

Senator Grohoski, Representative Perry and members of the Joint Standing Committee on Taxation, 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 the voice of logging and associated trucking contractors throughout the state of Maine. The PLC was formed in 1995 to represent independent contractors 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 opposition to Support of LD 1486 – An Act To Exempt Tractor Trailer Trucks from the Excise Tax. We would also like to thank Senator Stewart and Representative Mason for bringing this creative idea forward on behalf of the commercial trucking industry.

The logging industry in Maine was in the midst of a reinvention process until the onset of COVID 19 and the digester explosion at the Jay mill in April 2020. As a result of mill closures, curtailments and inflation created by the response to COVID 19, we are estimating that Maine has lost 30% of its harvesting capacity and the layoff of nearly 1,000 people in harvesting and hauling since 2020. In just four years, the industry has shrunk from an annual economic impact of \$620 million to \$582 million and total jobs have been reduced from 9,000 to 5,500. Put simply, logging and trucking contractors across the state are fighting for the lives and state policy changes that reduce expenditures and provide efficiencies are those that we are completely in favor of.

Since 2014, the federal government has mandated all new logging and trucking equipment manufactured in the United States must meet the new Tier IV (zero emissions) specifications. This has lowered diesel emissions by 95% as compared to 1990 levels, but it has increased the cost of all new equipment and trucks by 80%. In 2014, a heavy-duty tractor was \$125,000.

Today, a new heavy-duty tractor is \$200,000. The local and federal excise taxes (FET) have doubled as a result of this price escalation, and I can assure you that the cost paid for wood has not increased to accommodate the increased cost of investment.

The FET is a 12% sales tax imposed on the first retail sale of a truck, trailer, and semitrailer chassis and bodies, and tractors. The funds derived from the FET are deposited in the Highway Trust Fund (HTF). The FET provides approximately 4.5% to 8.5% to the HTF depending on annual truck sales. The 12% retail FET tax is a deterrent to new vehicle sales. The heavy vehicle fleet is aging and the cost of new trucks with cleaner engines is already an impediment to new vehicle sales.

At the local level here in Maine, the story is much the same. The excise tax is tied to the sale price of the tractor and the increased sale price leads to a higher local excise tax.

The logging industry is suffering today to remain profitable and supply our mills with the wood they need. Right now, loggers are at risk because of escalating operating costs that are involved with running this kind of business. If the forest products industry is going to continue to thrive into the future, the state of Maine should be doing all it can to create a competitive platform. From our point of view, the idea established in this title bill will not only incentivize further investment in the industry, but it will also have a positive environmental impact as well.

Thank you for the opportunity to speak before you today and I look forward to answering any questions you may have.