



Testimony of

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Before the Committee on Taxation in Support of LD 1894 – An Act To Establish a Home Heating Income Tax Deduction

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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 support of LD 1894 – An Act To Establish a Home Heating Income Tax Deduction. We appreciate the creativity of the bill sponsor and would like to see this Committee support this type of out of the box thinking to help Mainers heat their homes and invest in the well-being of their families and communities. We also feel strongly that a policy change like this will help industries like ours by keeping more of Mainers income circulating in the Maine economy and providing local jobs to folks in our industry.

As all of us know, over the last three years, Covid 19 has wreaked havoc across the globe with inflation and job loss. At a more granular level, the pandemic's impacted the logging industry severely by reducing wood markets and passing along inflation of nearly 50% in this industry, which has put a majority of timber harvesting businesses in the red. As a result, there has been a 30% reduction in harvesting capacity and the layoff of nearly 1,000 people in harvesting and hauling in just the last three years.

Additionally, as a further impact of the pandemic, heating costs became more variable and increased at a moment's notice. The Governor and the Legislature took swift action to help Mainers offset these price spikes and heat their homes with \$450 checks this past winter.

That said, more must be done to help with high energy costs so issues like this don't happen again in the future. At the same time, we should also think about how we protect ourselves from these spikes by making investments in homegrown technology and fuel sources which would have a double impact with the creation of new markets for low value wood. Heating our homes is an investment in the well-being of all Mainers and it should be seen from this point of view.

As it relates to wood for energy production – electricity, heating and combined heat and power – is a critical part of Maine's forest economy. In 2010, 3.7 million tons of wood for the energy market were produced from Maine timber harvests, representing 25 percent of all timber volume. By 2016, the harvest of biomass had shrunk to 2.5 million tons and in 2023, it is now down to an all-time low of 1.5 million tons.

These lost markets have impacted the entire forest industry supply chain. Landowners have lost a market for low-grade stems and harvest residues (e.g., tops and branches). In 2010, Maine landowners received an estimated \$11.9 million in stumpage payments for biomass; by 2016 this figure had declined by two-thirds, to \$3.8 million and today it is less than \$2 million.

Loggers and truckers have suffered even more from the erosion of this market. In 2010 there was \$90.5 million in economic activity associated with logging and trucking of biomass fuel; in 2016 this had shrunk to \$48.2 million and today it is less than \$30 million.

I stand before you today to demonstrate that the need for this bill has never been greater. The woods business is teetering on the edge and the need for homegrown energy that will keep our energy dollars circulating in the Maine economy is at a critical stage.

This bill will ensure that an incentive is put in place to help Mainers offset high heating costs, similar to income tax offsets already provided for investments in efficiency upgrades in your home or for property taxes paid on your home. We believe that it will motivate the installation of new modern wood energy applications in residential spaces and the purchase of more fuel that is required to operate them.

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.