



Testimony of

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**Before the Committee on Appropriations and Financial Affairs in Support of LD 3 –
An Act to Establish the Winter Energy Relief Payment Program to Aid Residents
with High Heating Costs and to Finalize the COVID Pandemic Relief Payment
Program**

Wednesday, December 21, 2022

Senator Jackson, Representative Talbot Ross and members of the Committee on Appropriations and Financial Affairs, 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 Maine's logging and trucking industry. The PLC was formed in 1995 to represent independent contractors in a rapidly changing forest industry.

As of 2017, logging and trucking contractors in Maine employed over 3,900 people directly and were indirectly responsible for the creation of an additional 5,400 jobs. This employment and the investments that contractors make contributed \$620 million to the state's economy. Our membership, which includes 200 contractor members and an additional 100 associate members, employs over half 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 regarding LD 3 – An Act to Establish the Winter Energy Relief Payment Program to Aid Residents with High Heating Costs and to Finalize the COVID Pandemic Relief Payment Program. We are pleased that the Governor has recognized the need to fund so many important projects using surplus funds from the General Fund. While we are generally supportive of the package, we would like to see Part B amended to provide some accountability provisions and ensure that the funds appropriated with this legislation not only positively impact low to middle income Mainers with high heating costs, but also have benefits to those who work in this state.

The forest products 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. From 2011 to 2016, Maine experienced the closure of five pulp and paper mills and the periodic idling of two wood energy electric facilities. As a result, Maine lost 50 percent of its softwood pulp market and has also seen a two-million-ton reduction of biomass utilization. Between 2014 and 2016, the total economic impact of the forest products industry fell from \$9.8 billion to \$8.5 billion, and more than 5,000 jobs were lost.

As a result of mill closures and curtailments due to COVID 19, Maine suffered a 30% reduction in harvesting capacity and the layoff of nearly 1,000 people in harvesting and hauling. This means that over 11,000 truckloads of wood were not delivered to a Maine mill in 2020. Further, for an industry that is responsible for over \$620 million of direct economic impact each year, this has led to a direct loss of over \$186 million of economic activity.

Making a bad situation worse, earlier this year, the PLC released results of a [survey](#) of its members showing Maine logging companies have seen cost increases averaging 24 percent for parts, equipment, services, and fuel since January 2020. The PLC asked members to report their increase in costs for 20 goods and services that are vital to logging operations over the period of January 2020 to January 2022. Loggers reported increases ranging from 17-30 percent, with truck and equipment insurance the lowest at 17 percent while oil and lubricants saw the highest increase at 30 percent. Many of the costliest items on the list including heavy equipment tires rose 24-26 percent in cost. The logging industry cost increases far exceeded an average 8.4 percent increase in costs for American consumers over the same period, [7.5 percent in 2021](#) and [1.4 percent in 2020](#).

I provide all this context because 100% of our membership are small businesses who are fighting for their lives right now. Compounding this situation is the fact that Maine is also facing a shortage of loggers and log truckers right now that could hinder the future growth of the \$8.5 billion forest products industry. Most logging and trucking firms in Maine are family-based businesses that pride themselves on providing stable places of employment. They are committed to their rural place and the people that work for them.

The funding from LD 3 could have an expansive impact upon the future success of this industry. While it's very noble of state government to return funds to taxpayers, it seems to me that any program of this kind should not only be surgical, but it should be accountable and have a positive impact upon our state.

In Part B of the proposed legislation, there is no requirement to receive a stimulus check, other than proving you were a taxpayer who made less than a certain amount. There also is no responsibility by the taxpayer to use the funds on anything related to heat or electricity.

As a representative of the logging industry, an industry that is micromanaged fiercely, I don't want to be accused of trying to add regulation, but maybe instead of handing out money, which could add to inflation instead of helping it, it might be a good idea to add some accountability. As most of you know very well, inflation is generally created as a result of demand, so throwing more government money out there is only going to encourage an even greater increase in prices.

Wouldn't it also be better to provide taxpayer money that could circulate in the state economy, instead of vanishing to foreign countries or being used on things other than heat and electricity? And wouldn't it be better if instead of encouraging folks to buy more oil, which is counter intuitive to the Governor's Climate Council initiative, that the funds get used for renewables like wood?

Just imagine for a moment if a government program encouraged folks to use cordwood, pellets or wood chips from Maine to heat their homes, but to do so, they had to show proof of payment through a rebate system. This would be an incentive-based system that not only includes accountability, but in the end, the money would circulate throughout the rural Maine economy to help loggers and truckers with desperately needed income. Efficiency Maine already administers programs just like this and it should be a relatively easy lift to have them administer this type of a program as well.

Does wood have to be the only source of heat, no, but shouldn't it be one of the potential sources so that these funds do more than just incentivizing the purchase of more oil?

Again, I would like to reiterate that we are supportive of the Governor's plan, however we also want to be sure that it has accountability and benefits for more than just those who receive the funds.

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.