



Testimony of

**DANA A. DORAN
Executive Director
Professional Logging Contractors of Maine**

**Before the Committee on Taxation in Support of LD 1303 – An Act To Exempt
Boats and All-terrain Vehicles Purchased for Qualified Commercial Fishing or
Commercial Farming from State Sales Tax**

Tuesday, April 11, 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 support of LD 1303 – An Act To Exempt Boats and All-terrain Vehicles Purchased for Qualified Commercial Fishing or Commercial Farming from State Sales Tax. While our organization was not directly involved with the development of this legislation, we have spoken with the sponsor about amending the bill to include commercial timber harvesters as eligible entities and he is amenable to doing this on behalf of our industry.

Since 2013, Maine has experienced the closure of six pulp and paper mills, including the Jay mill, two biomass facilities and most recently, the Old Town location of ND Paper has announced that it will be shutting down for an extended period of time. With the event at Pixelle and the recent ND Paper announcement, these events have sent shock waves through the industry like no other closure our members have experienced. In just three

short years, there is no home for 3 million tons of softwood pulp and 500,000 tons of biomass.

At the same time, Covid 19 wreaked havoc globally and inflation of nearly 50% in this industry has nearly put a majority of timber harvesting businesses in the red. The industry has also lost about 30% of it's capacity in the last three years.

This context leads me back to the bill before you. Farming, Fishing and Forestry are the backbone of the Maine economy, and the Legislature should attempt to do all it can to help these heritage industries offset costs that are mounting daily and provide predictability for long term growth. If this state wants to see the next generation take over, regardless of industry, we should support policies like this that are consistent across the board to create positive pathways forward.

Timber harvesting contractors utilize barges to move wood and equipment to/from island communities and they also use all-terrain vehicles to access timberland in advance of, during and following timber harvests. This equipment is expensive and shouldn't be viewed as expressly used in only farming and fishing.

While logging contractors don't use boats and all terrain vehicles expressly to run their businesses, there are instances where they do need to use them for various functions on a regular basis. Maine sales tax policy for equipment and fuel in farming, fishing and forestry has been consistent over the last decade and if it is going to continue that way, then this policy before you should remain the same. It is vital that all industries are treated similarly so that an unfair advantage isn't created for one over the other.

As I mentioned before, the bill sponsor is very amenable to amending this legislation to provide similar tax treatment for timber harvesting businesses and we hope that you agree. While the demand will not be exponential, it will create a lifeline that so many need.

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, or any heritage business for that matter, is going to continue to thrive into the future, the state of Maine should be doing all it can to create a competitive platform and farmers, fisherman and loggers should not be left out of the conversation. Our industries are not looking for a handout, but a hand-up to ensure that all of them can continue into the future.

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