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Testimony in Support of LD 2279
An Act to Promote Equity in the Forest Products Industry by Allowing Commercial Wood Haulers to Be Eligible for Certain Sales Tax Exemptions and Refunds

Presented to the Joint Standing Committee on Taxation

March 27, 2024

Senator Grohoski, Representative Perry and esteemed members of the Joint Standing Committee on Taxation, my name is Troy Jackson. I have the honor of serving as President of the Maine Senate and proudly represent the good people of Aroostook County. I am here today to present LD 2279, *"An Act to Promote Equity in the Forest Products Industry by Allowing Commercial Wood Haulers to Be Eligible for Certain Sales Tax Exemptions and Refunds."*

As you can see by the proposed legislation, the bill simply allows those who commercially haul forest products using trucks, truck tractors, and trailers to be eligible for the same refund of sales tax on depreciable machinery and equipment purchases that those who sever and yard the products are currently eligible to obtain. Additionally, in order to ensure that the hauler is a valid contractor, the hauler must be defined in Title 26 "Labor and Industry" as a person, employer, or employing unit.

These proposed changes are based on equity because haulers of forest products are an integral part of the process. They provide the movement of forest products from one place to another. The equipment is expensive and the work can be dangerous, especially on winding roads covered with snow and ice. If the contractors have obtained a certificate from a tax assessor and pay for the fuel to engage in commercial wood harvesting, this bill will also allow them to get a refund for the tax paid for the fuel used - just like those who operate feller bunchers and skidders.

For these reasons, I ask you to join me in treating all those who work in the forest products industry the same. Please support LD 2279 and the men and women who drive these heavy loads to the facilities for processing.

I am happy to answer any questions and thank you for your consideration.

Sponsor's Proposed Amendment to LD 2279
An Act to Promote Equity in the Forest Products Industry by Allowing Commercial Wood Haulers to Be Eligible for Certain Sales Exemptions and Refunds

Amendment for Sections 4, 5 and 6 of the LD 2279

Sec. 4. 36 MRSA §2013, sub-§2, as amended by PL 2015, c 481, Pt. B, §1 and affected by §2, is further amended to read:

2. Refund authorized. Any person, association of persons, firm or corporation that purchases electricity or fuel, or that purchases or leases depreciable machinery or equipment, for use in commercial agricultural production, commercial fishing, ~~or~~ commercial aquacultural production or commercial wood harvesting must be refunded the amount of sales tax paid upon presenting to the State Tax Assessor evidence that the purchase is eligible for refund under this section.

~~Any person, employer or employing unit as defined in Title 26, section 1043, subsection 10 that makes contributions or is eligible to receive benefits under Title 26, chapter 13, subchapter 7 or 6, respectively, and that purchases electricity or fuel, or that purchases or leases depreciable machinery or equipment, for use in commercial wood harvesting must be refunded the amount of sales tax paid upon presenting to the State Tax Assessor evidence that the purchase is eligible for refund under this section.~~

Evidence required by the assessor may include a copy or copies of that portion of the purchaser's or lessee's most recent filing under the United States Internal Revenue Code that indicates that the purchaser or lessee is engaged in commercial agricultural production, commercial fishing, commercial aquacultural production or commercial wood harvesting and that the purchased machinery or equipment is depreciable for those purposes or would be depreciable for those purposes if owned by the lessee.

Sec. 5. 36 MRSA §2013, sub-§3, as amended by PL 2015, c. 481, Pt. B, §1 and affected by §2, is further amended to read:

3. Purchases made free of tax with certificate. Sales tax need not be paid on the purchase of electricity, fuel or a single item of machinery or equipment if the purchaser has obtained a certificate from the assessor stating that the purchaser is engaged in commercial agricultural production, commercial fishing, commercial aquacultural production or commercial wood harvesting and authorizing the purchaser to purchase electricity, fuel or depreciable machinery and equipment without paying Maine sales tax. The seller is required to obtain a copy of the certificate together with an affidavit as prescribed by the assessor, to be maintained in the seller's records, attesting to the qualification of the purchase for exemption pursuant to this section. In order to qualify for this exemption, the

electricity, fuel or depreciable machinery or equipment must be used directly in commercial agricultural production, commercial fishing, commercial aquacultural production or commercial wood harvesting. In order to qualify for this exemption, the electricity or fuel must be used in qualifying activities, including support operations.

In order for any purchaser engaged in commercial wood harvesting to qualify for or to maintain this exemption the purchaser for a purchaser engaged in commercial wood harvesting, the person, association of persons, firm or corporation must be headquartered in Maine; must pay all personal property tax or excise tax on qualified machinery or equipment to the State of Maine; and must show evidence of a valid Maine inspection of the trucks, truck tractors and trailers used in a commercial wood harvesting operation. person, employer or employing unit as defined in Title 26, section 1043, subsection 10 that makes contributions or is eligible to receive benefits under Title 26, chapter 13, subchapter 7 or 6, respectively.

Sec. 6. 36 MRSA §2013, sub-§4, as amended by PL 2011, c. 285, § and affected by §15, is further amended to read:

4. Information on processes for refunds and appeals. The assessor shall post information describing the process for requesting a refund under this section on the bureau's publicly accessible website along with a description of the process to appeal a denial of refund request. Upon a duly authorized request from a legislator, the bureau shall give a list of all persons, associations of persons, firms or corporations who qualified and received a refund under this section.