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Testimony of Tom Doak

Executive Director

Maine Woodland Owners

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”

Senator Grohoski, Representative Perry and distinguished members of the Joint Standing Committee on Taxation, my name is Tom Doak, Executive Director of Maine Woodland Owners speaking today in support of the intent behind 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.”

We are generally supportive of this bill. It makes important changes to Maine’s tax laws to provide that commercial haulers of forest products are entitled to a refund of sales tax paid upon purchases of electricity or fuel, or the purchase or lease of depreciable machinery or equipment. The expansion of the definition of “commercial wood harvesting” in this tax provision to include haulers is a small change that will help the forest products industry in a time when so many are struggling.

The concern we have with this bill, however, is that it provides that to be eligible for the sales tax refund or exemption for purchases of electricity, fuel and depreciable machinery and equipment, the person, employer or employing unit must make contributions or be eligible to receive benefits under the laws governing unemployment compensation. We think linking this tax refund and exemption benefit to the payment of or eligibility for unemployment compensation is a mistake.

Maine Woodland Owners has a land trust and we own nearly 8,000 acres of land. On several of those parcels we contract with loggers who have worked by themselves with a skidder for their entire careers. For them, a sales tax refund or exemption like this can make a big difference. In fact, one logger just sold his skidder to a 25-year-old logger he is mentoring. Unfortunately, under the changes proposed in this bill this young logger would no longer be eligible for the sales tax refund or exemption because he is a sole proprietor who doesn’t pay into and is not eligible for unemployment compensation. The same would be true for other independent

contractors in the industry. This coupling of the sales tax benefits with unemployment compensation would negatively impact the smallest of the small workers in the forest products industry.

At a time when the number of individuals working in the forest products industry is fast declining, we should be trying to attract more individuals into the industry. Making tax incentives and benefits like the ones presented in this bill available to a wider (not narrower) group of individuals is one way to do that.

We shouldn't limit the application of this sales tax refund and exemption to only those who pay into or are eligible for unemployment compensation. We would encourage you to pass the bill without these provisions. Thank you for the opportunity to testify on this bill.