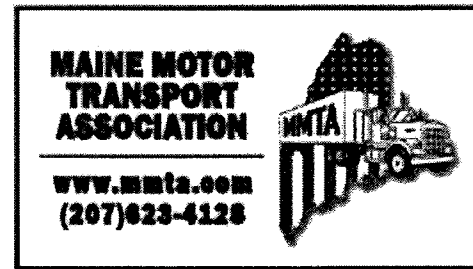


**TESTIMONY OF Brian Parke  
L.D. 2279, "An Act to Promote Equity in the  
Forest Products Industry by Allowing  
Commercial Wood Haulers to Be Eligible for  
Certain Sales Tax Exemptions and  
Refunds"**



Good afternoon, Senator Grohoski, Representative Perry, and members of the Taxation Committee. My name is Brian Parke and I am the President and CEO of the Maine Motor Transport Association and a resident of Brunswick. The Association is comprised of more than 1,790-member companies, whose employees make up a large portion of the 34,000 people who make their living in the trucking industry in Maine.

I am here today to testify neither for nor against LD 2279.

On the one hand, we applaud Senator Jackson for wanting to address the trucking workforce shortage in the forest products industry. Like all other sectors of trucking, we are keenly aware of the dwindling capacity of trucks, truck drivers and loader operators to get fiber from the woods to market. In fact, the MMTA has embarked on a multi-year workforce development campaign, that is 100% privately funded, to address the qualification and hiring challenges faced by our members. Whether they operate in the woods, on rural Maine roads, or the interstate system, our GO YOUR WAY MAINE campaign encourages people to consider careers in trucking and offers tools to help them get there.

However, it is important to point out what appears to be the backdrop for this bill, which is Maine's sales tax exemption for equipment used in interstate commerce found in 36 MRSA §1760, sub-§41. Generally speaking, it provides that there is no sales tax on equipment that is dispatched as an instrumentality of interstate or foreign commerce if it meets two criteria:

1. It is placed in use by the purchaser as an instrumentality of interstate or foreign commerce within 30 days after it is purchased; and
2. It is used by the purchaser not less than 80% of the time for the next 2 years as an instrumentality of interstate or foreign commerce.

The reasoning behind this exemption is that these Maine companies compete with interstate carriers located in other states, with almost all states having a similar exemption or no sales tax at all. As you might imagine, the very nature of the trucking industry is to be portable and Maine has adopted this policy in part to help retain Maine businesses and allow them to compete regionally and nationally.

Which is to say we support the notion that the state should look for ways to help Maine businesses be more competitive and, in the case of some in the forest products industry, survive difficult economic times. But while we endorse certain tax exemptions and refunds for some in the trucking industry, we also want to take this opportunity to support the same benefits for other sectors who could use the same help. Our preference would be to include all intra-state equipment in the existing sales tax exemption in order to satisfy the initial part of the bill's title – to promote equity – for all in the trucking industry.

We also share the concern of others that the eligibility component of the bill might disqualify some individual operators whose legal structure would disqualify them without further work on Section 5. A strong argument can be made that it is these loggers and truckers who likely need the most relief so we recommend careful attention is paid to those who do and do not qualify.

Finally, depending upon how the committee wants to proceed, we do want to point out what we think is an oversight in Section 2 of the bill. It adds language to define trucks and truck tractors, but then only lists trailers in the list of machinery to be considered for the refund. While it is not meant to be an all-inclusive list, it probably makes sense to also include “Semi-Trailers” as defined in Title 29-A, section 101, subsection 66. The difference between “trailers” and “semi-trailers” is that **semi-trailers** are designed so that some part of its weight and its load rests upon or is carried by a motor vehicle where **trailers** are just towed without any weight resting on the truck or truck tractor. Here are the two definitions from Title 29-A section 101:

*66. Semitrailer. "Semitrailer" means a vehicle:*

*A. Without motive power; [PL 1993, c. 683, Pt. A, §2 (NEW); PL 1993, c. 683, Pt. B, §5 (AFF).]*

*B. Designed for being drawn by a motor vehicle; and [PL 1993, c. 683, Pt. A, §2 (NEW); PL 1993, c. 683, Pt. B, §5 (AFF).]*

*C. Designed so that some part of its weight and its load rests upon or is carried by that motor vehicle. [PL 1993, c. 683, Pt. A, §2 (NEW); PL 1993, c. 683, Pt. B, §5 (AFF).]*

*86. Trailer. "Trailer" means a vehicle without motive power, designed to carry persons or property and to be drawn by a motor vehicle, not operated on railroad tracks, and so constructed that no part of its weight rests upon the towing vehicle. "Trailer" does not include tow dollies.*

Thank you for your consideration and for allowing me to testify. I would be happy to answer any questions the committee has now or at the Work Session.