



STATE OF MAINE  
DEPARTMENT OF ECONOMIC  
AND COMMUNITY DEVELOPMENT

JANET T. MILLS  
GOVERNOR

MICHAEL DUGUAY  
COMMISSIONER

April 9, 2025

Testimony in Support of LD 1275

**An Act to Promote the Production of Natural Resources Bioproducts  
by Amending the Renewable Chemicals Tax Credit**

Senator Grohoski, Representative Cloutier and members of the Committee on Taxation, my name is Charlotte Mace and I am the Director of the Office of Business Development for the Department of Economic and Community Development. I am here to provide testimony in support of the proposed amendment to 36 MRSA §5219-XX, which seeks to remove the employment requirement tied to the renewable chemicals tax credit.

Supporting the growth and diversification of Maine's forest industry is a critical priority of my Office, the Department and this Administration. We know that manufacturing value-added products from our forest residuals will help create high-paying jobs in rural Maine. We support the growth of the biobased manufacturing industry in Maine. We know that commercializing new technologies and bringing new biobased products to market must happen in order to diversify our forest industry. We also know that Maine's forest industry is in dire need of new markets for biomass and residues generated from existing forest industry facilities (e.g., sawmills).

The Renewable Chemicals Tax Credit is an excellent tool for incentivizing this industry in Maine but it is difficult to use because of the employment requirement, which this bill seeks to eliminate.

The employment requirement places an unnecessary administrative burden on businesses and consequently discourages investment in Maine's biobased manufacturing industry. The stipulation that at least 75% of the employees of the contractors harvesting renewable biomass meet specific employment conditions under the Employment Security Law creates significant compliance challenges, especially for companies that do not directly contract with these workers. This complexity adds costs and logistical hurdles that make it harder for businesses to take full advantage of the tax credit.



STATE OF MAINE  
DEPARTMENT OF ECONOMIC  
AND COMMUNITY DEVELOPMENT

JANET T. MILLS  
GOVERNOR

MICHAEL DUGUAY  
COMMISSIONER

By removing this requirement, Maine will enhance its attractiveness for investment in renewable materials production, strengthening our state's position as a leader in sustainable industry innovation. This change will provide greater flexibility for businesses while still ensuring the responsible harvesting of renewable biomass. Furthermore, it will encourage economic growth, create new job opportunities, and support rural communities that rely on the forest products industry.

Maine has a strong tradition of balancing economic development with environmental stewardship. This amendment aligns with that tradition by reducing unnecessary barriers while still promoting the sustainable use of our natural resources. I urge the committee to support this change, which will help foster a more business-friendly environment while maintaining our commitment to renewable innovation.

Thank you for your time and consideration. I am happy to answer any questions you may have.