



Testimony of

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Before the Joint Standing Committee on Taxation on LD 1313, 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

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Senator Grohoski, Representative Cloutier, 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 the Northeast (PLC). The PLC is a regional educational non-profit organization that represents logging and associated trucking contractors throughout the Northeast, predominately in the state of Maine.

As background, the PLC was created in 1995 to give logging and associated trucking contractors a voice in a rapidly changing forest products 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 over 200 contractor members in the state of Maine and an additional 125 associate members, is responsible for more than 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 1313, 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. I would also like to thank the bipartisan sponsors of this bill for recognizing the importance of this industry and working together in an attempt to help rural Maine.

Transportation vehicles in the logging industry are not just for getting from point A to B but are essential tools in the production and transport of raw materials (timber) to mills. Since trucks are integral to the supply chain, similar to machinery used in manufacturing or farming, they can be classified as production equipment, which is often tax-exempt in other industries. Maine is struggling to compete with other New England states and New York that exempt these vehicles from taxation and the state's forest economy is at a disadvantage in a competitive regional economy.

State	Logging Vehicles Exempt from State Sales Tax	Tax Rate on Vehicles	Repair Parts Tax Rate
NH	Yes	\$0	0%
NY	Yes	\$0	0%
ME	No	Currently 5.5%	Currently 5.5%
VT	Legislation pending to exempt	6% up to \$2,486 for vehicles 10,100 lbs or more	6%

For context on why this legislation is so vital, in 2014, Congress mandated the use of Tier IV heavy duty engines. These engines have reduced emissions by 98%, which is vitally important to environmental protection. However, that has come with a cost as heavy-duty trucks have doubled in price over the last 10 years. Logging and trucking contractors operate in a highly competitive, capital-intensive industry where margins are razor thin and close to non-existent.

Currently, new or used heavy-duty trucks and parts are subject to a 17.5% tax rate (12% federal and 5.5% state sales tax). Exempting trucks from state sales taxes will help contractors lower their operating costs, improve profitability, and remain competitive regionally. Additionally, repairs and maintenance are one of the largest expenses for these vehicles and exempting repair parts from sales tax will bring immediate relief to eligible companies

For contractors that cannot afford to invest in this technology as result of disincentives for purchasing, such as high taxes, they will continue to use older, more fuel and emission inefficient technology for longer periods of time. By reducing the financial burden for new investment on vehicles and related parts associated with forest operations, the exemption will encourage investment in modern, efficient, and environmentally sensitive equipment. This supports responsible forest management practices, helping contractors minimize their climate impact while adhering to environmental regulations.

Since 2020, we have lost about 40% of the logging capacity across the Northeast as a result of mill closures, high inflation and a pullback in building construction due to high interest rates. Adding insult to injury, inflation on equipment, parts, wages and labor over the last five years has been upwards of 40%. And currently, with the added tariff threats, contractors are also now reporting that they are experiencing further inflation on fuel and equipment, in the amount of an additional 25%. A majority of contractors are questioning the economic viability of their businesses and their path forward.

The logging industry is suffering today to remain profitable and supply our mills with the wood they need. Loggers are at risk because of escalating operating costs that are involved with running this kind of capital-intensive business. If the forest products industry, or any heritage business for that matter, is going to continue to operate in the future, the state of Maine should be doing all it can to create a competitive platform for all heritage industries. Our industry is 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.