

THE PCW MANAGEMENT CENTER, LLC

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573 Main St, Suite D
Jackman, Me 04945

Testimony 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”

April 9, 2025

Thomas Coleman, Forest Asset Advisor

Good afternoon, Senator Grohoski, Representative Cloutier and members of the Taxation Committee. I am Thomas Coleman, a resident of West Forks, and licensed forester with over twenty years experience in the industry. I have worn many hats through that time, from foreman with large logging contractors to consulting forester for landowners and mills to strategic forest analyst. Currently I am a direct strategic forest asset advisor to a family ownership of over 1.2 million acres of Maine timberland. This has given me the opportunity and challenge of managing the economics of timber sales across the spectrum from 10 acre family lots to this million acre investment. One of the few constants I have seen across my career is that wood hauling has always been the pinch point in operations. Foresters, Loggers, mills and landowners have been bemoaning the lack of trucking infrastructure and labor in the woods since I can recall. I am therefore here to testify in strong support of LD 1313 to extend the same Eligibility for Sales Tax Exemptions and Refunds that loggers benefit from to the timber hauling industry.

First, I would like to thank the Maine Forest Products Council for pursuing this equity and Senator Farrin for introducing this bill for consideration. As we all are aware the forest products sector has experienced many struggles, from mill closures, to Market price constrictions, to extreme production cost inflation and labor shortages. Throughout all of this, landowners, foresters, loggers and truckers have persevered to keep this vital economic sector going. From my seat however, I can attest to the reality that we have lost capacity in harvest contracting over the past ten years, and that loss has directly translated to increased difficulty in responding to markets and getting product harvested and to the most appropriate market. Within that capacity loss, the most crucial element, and in my perception the fastest shrinking is that of forest product haulers.

This capacity loss has multifaceted roots, and will take many compounded efforts to rectify. Clearly, increased market value of timber products would be a big help, but that is driven by global markets, and is out of our control. In light of that, reducing barriers to entry and ongoing costs of capital would be a significant step towards helping or industry. We all know that the cost of doing just about everything has increased in recent years. Inflation has hit everyone, but it hit equipment and parts exceptionally hard and fast. Compounding that, the supply chain shortages of 2020-2023 also significantly increased losses to operators due to extended downtimes.

As a large land owner strongly vested in the continued success of our \$8.1 billion heritage industry, we are investigating many avenues to maintaining a healthy workforce. We are providing longer term contracts. We have financed equipment under logger favorable terms. We have accepted some reduced returns in the short term to maintain operational capacity in better markets. We are investigating logger training program partnerships with schools and communities. We pay contractors on fuel indices to offset expenses, and we provide lodging in more remote areas of work. We are also actively engaged with multiple new forest product market opportunities in the hopes of rebuilding the vigor of the sector, even in the face of a looming spruce budworm outbreak.

One thing we cannot change is that, to be healthy, efficient and competitive, Logging contractors must continually invest in new equipment, and that equipment, though highly productive, requires very large capital investment, with relatively low marginal rates of payback per ton. Loggers benefit from sales tax breaks that keep taxes from further eroding that margin. Currently our final, and critical supply chain link does not. Although wood hauling and loading do not benefit from these tax breaks, they are subject to the same marginal profit issues and high upfront capital needs as harvesters and yarders of wood. Due to the legal limits on wood volume hauled per truck, wood haulers and loaders must have a disproportionate number of trucks to harvesting machines to get the harvested wood to market, and the cost of purchase and maintenance of trucks has skyrocketed with increased emissions requirements.

LD 1313 would be a strong step in support of the timber trucking industry and significantly help balance the scales between loggers and haulers in this respect. Thank you for your time and consideration.