



Testimony of

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**Before the Joint Standing Committee on Taxation regarding LD 1699, An Act to
Create a Refundable Tax Credit for Agricultural Enterprises**

Thursday, May 8, 2025

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 non-profit organization that educates the public on the role and benefits of professional logging and trucking 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 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 1699, An Act to Create a Refundable Tax Credit for Agricultural Enterprises. This bill would allow an agricultural enterprise, which includes logging businesses, to qualify for the Maine Seed Capital Tax Credit Program.

Logging contractors operate in a capital-intensive industry, relying heavily on very expensive equipment to operate efficiently. Over the past decade, the cost of equipment has nearly doubled, predominately because of mandated emission requirements by the federal government. Tier IV engines have reduced emissions by 98%, which is vitally important to environmental protection. However, this technology has been a significant driver of the increased cost in heavy-duty equipment over the last 10 years. For example, following Congressional action to mandate the use of Tier IV engines in 2014, a feller buncher that once cost \$325,000 now exceeds \$600,000.

Despite environmental benefits of Tier IV engines and advanced low ground pressure equipment, the financial burden associated with adopting this new technology has placed a

strain on contractors. Many small and mid-sized operations lack the capital to make these necessary upgrades, even though doing so would improve operational efficiency and reduce environmental impact. Without financial support or incentives, contractors are often forced to continue using older, less efficient machines simply because they cannot afford to upgrade, despite a clear willingness to adopt more sustainable practices.

On top of that, costs of labor, insurance, and parts have also risen significantly, and the latest tariff threats have added another layer of complexity. As a result, many contractors are questioning the economic sustainability of their operations and their future in the industry.

This bill would provide logging companies a tax credit up to 40% of the cash equity for reinvesting in their businesses, improving or upgrading their equipment. Most contractors trade their equipment after 5-7 years of regular use. The equipment eventually gets to a point where a decision needs to be made to complete expensive repairs or trade the equipment because it has become unreliable and is hindering production.

In conclusion, this bill could have a significant impact on logging contractors' ability to invest in new equipment for their businesses. By providing this credit, it could truly mean the difference between purchasing essential equipment or forgoing the investment altogether.

Thank you for your time and consideration. I respectfully urge you to vote "ought to pass" on LD 1699.