



Testimony of

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Before the Joint Standing Committee on Labor and House, In Opposition to LD 607, An Act to Restore Overtime Protections for Maine Workers

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Senator Hickman, Representative Sylvester and members of the Joint Standing Committee on Labor and Housing, my name is Dana Doran, and I am the Executive Director of the Professional Logging Contractors of Maine. The Professional Logging Contractors of Maine (PLC) is a trade association that represents logging and associated trucking contractors throughout the state of Maine. The PLC was formed in 1995 to give independent contractors a voice in a rapidly changing forest industry.

As of 2017, logging and trucking contractors in Maine employed over 3,900 people directly and were indirectly responsible for the creation of an additional 5,400 jobs. This employment and the investments that contractors make contributed \$620 million to the state's economy. Our membership, which includes 200 contractor members and an additional 100 associate members, employs over half of the individuals who work in this industry and is also responsible for 80% of Maine's annual timber harvest.

Thank you for providing me the opportunity to testify on behalf of our membership in opposition to LD 607, An to Restore Overtime Protections for Maine Workers. We respect and appreciate the sponsor's intent with this legislation, it is not a mandate that Maine's small business can afford.

From 2011 to 2016, Maine experienced the closure of five pulp and paper mills and the periodic idling of two wood energy electric facilities. As a result, Maine lost 50 percent of its softwood pulp market and has also seen a two-million-ton reduction of biomass utilization. Between 2014 and 2016, the total economic impact of the forest products industry fell from \$9.8 billion to \$8.5 billion, and more than 5,000 jobs were lost.

Forest Products Industry

	2011	2014	2016
Total Economic Impact	\$8.5 billion	\$9.8 billion	\$8.5 billion
Total Jobs	38,789	38,956	33,538

However, the forest industry has been in the midst of a comeback until the onset of COVID 19 and the digester explosion at the Jay mill in April 2020. From 2017-19, there was over \$1 billion of new investment in manufacturing upgrades. New markets were being announced from cross laminated timber to wood insulation made out of wood.

The negative impacts of the pandemic on the forest products industry began here in the state one year ago as a result of reduced export capability and have steadily worsened. In mid-March 2020, COVID-19 crashed lumber markets as housing starts ground to a halt. In the months since, paper mills across the

state have shut down for periods of time or drastically cut output in response to reduced global paper consumption.

As a result of mill closures and curtailments due to COVID 19, it led to a 30% reduction in harvesting capacity and the layoff of nearly 1,000 people in harvesting and hauling. This means that over 11,000 truckloads of wood were not delivered to a Maine mill in 2020. Further, for an industry that is responsible for over \$620 million of direct economic impact each year, it will mean a direct loss of over \$186 million of economic activity as a result.

I provide all of this context because 100% of our membership are small businesses who are fighting for their lives right now. We are now entering the proverbial mud season phase of the year and I have already seen several of our members advertise their equipment as 'for sale' as they do not believe that they can continue in the current environment.

Unfortunately, LD 607 will not help these small businesses fight through this challenging time and it will not help retain jobs in rural Maine. In fact, it will only continue to erode small businesses and add unfunded mandates which lead to business death by a thousand cuts.

Additionally, Maine is facing a shortage of loggers and log truckers that will grow and could hinder the growth of the \$8.5 billion forest products industry in the state if bills like LD 607 become law.

In March 2019, an employment availability and wage analysis prepared by the Maine Center for Business and Economic Research at the University of Southern Maine for the PLC determined that the logging industry will need to replace 2,000 workers over the next 10 years because of looming retirements. The study also provided data to show that logging and trucking operators are also the lowest paid of any like skilled occupation in the state. In a competitive labor market, with suppressed markets and low commodity prices, LD 607 will not make employee recruitment any easier nor will it solve the issues that loggers and truckers face in terms of overall profitability at the bottom of the supply chain.

Lastly, I would like to point out the following regarding LD 607 which are not necessarily specific only to logging and trucking, but to all small businesses across the state: 1) LD 607 calls for an overtime salary threshold that would be among the highest of any state in the nation – and only a handful of states (fewer than 10) even have a state-specific threshold (the vast majority of states use the federal threshold); 2) Maine's salary threshold ($\$12.15 \times 3000 = \$36,450$) is already above the federal threshold. LD 607 would make Maine significantly higher than even the 2016 final overtime rules proposed by the Obama Administration; and 3) PLC members and all Maine employers are only in the beginning stages of adjusting to the added costs of earned paid leave.

Again, I am respectful of the intent of the bill sponsor. However, this is not the time to add cost and burden to an already strained small business community and I encourage you to vote ought not to pass.