



**Testimony of  
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**Before the Joint Standing Committee on Labor and House, In Opposition to LD 1231, An Act Concerning Climate and Community Investment Projects**

**Friday, April 9, 2021**

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 1231, An Act Concerning Climate and Community Investment Projects. We respect the sponsor's intent with this legislation, but this will not help motivate investors to build new renewable projects in Maine, especially new wood energy projects. In fact, it will not just affect future projects, but it will also put all projects at risk that have already been awarded contracts by the Maine Public Utilities Commission, effectively putting their renewable energy credits and the landmark 2019 RPS reform legislation at risk.

As I have stated in previous testimony, the PLC and our membership are in full support of any legislation that might come before you this session if it will facilitate development of new renewable modern wood heat and power projects that could positively impact the management of Maine's forests, provide new markets for our members, and contribute positively to our climate. Unfortunately, we do not believe that LD 1231 will achieve this goal.

The forest products industry in Maine was in the midst of a reinvention process until the onset of COVID 19 and the digester explosion at the Jay mill in April 2020. 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**

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

However, from 2017-19, there has been positive progress as over \$1 billion of new investment in manufacturing upgrades had been announced with new markets for cross laminated timber and insulation made out of wood.

All of this progress came to a grinding halt because of COVID 19. 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 has 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.

As it relates to wood for energy production – electricity, heating and combined heat and power – is a critical part of Maine’s forest economy. In 2010, 3.7 million tons of wood for the energy market were produced from Maine timber harvests, representing 25 percent of all timber volume. By 2016, the harvest of biomass had shrunk to 2.5 million tons and in 2021, it is now down to an all-time low of 1.5 million tons.

These markets did not go away because the cost of labor was too low or because contractors and their employees forced markets to leave. These markets went away because energy is a competitive marketplace where cost matters. However, if this bill becomes law, it will effectively kill any new projects before they get off the drawing board because of high risk and mandated labor agreements which eliminate competition, awarding contracts based not upon your reputation and the work you do at a competitive price, but based upon a project labor agreement.

In 2019, a thermal renewable portfolio standard (RPS) was created in Maine, the third such program in New England, as part of the RPS reform that this committee moved forward. This legislation introduced opportunities for new wood energy projects to enter the marketplace based upon competitive pricing and a financial modeling program built upon long-term contractual commitments and renewable energy credits. If this legislation goes into effect after the fact, it will put this entire system in chaos as it will effectively drive up previously modeled project costs, take away financial certainty and devalue renewable energy credits because the market will not have certainty that it can bank on. If there is one thing that kills projects, it is uncertainty and risk.

Finally, you might ask why our organization is strongly in opposition to this bill since our membership is not directly impacted by a project labor agreement for the construction of a new facility. I would answer that by saying that we are strongly opposed because this legislation will have unintended consequences that go far beyond project labor agreements. If wood energy projects are put at risk because of a labor mandate, then so are the jobs in logging and trucking as a result. If a project isn’t built because of this legislation, then no additional wood needs to be harvested or trucked in the future and no additional jobs might be retained or added in the future. If that’s the unintended consequence, than it’s easy to see why we are opposed to this legislation.

Again, I am respectful of sponsor, however this is not a productive piece of legislation and further, this is no time to add cost and burden to an already strained small business community. I encourage you to vote ought not to pass on LD 1231 and I would be happy to answer any questions you might have.