

Maine Forest Products Council

The voice of Maine's forest economy

Companies represented on the MFPC Board

A & A Brochu Logging American Forest Mgmt. Baskahegan Co. BBC Land, LLC Columbia Forest Prod. Cross Insurance Family Forestry Farm Credit East Fontaine Inc. H.C. Havnes **Huber Resources INRS** J.D. Irving Katahdin Forest Mgmt. Key Bank Kennebec Lumber LandVest Inc. Louisiana Pacific

ND Paper Nicols Brothers

Maibec Logging

Pingree Associates Prentiss & Carlisle ReEnergy

Richard Wing & Son Robbins Lumber

Sappi North America
Southern Maine Forestry

Stead Timberlands St. Croix Tissue

St. Croix Chipping

TD Bank

Timber Resource Group Timberstate G. Wadsworth Woodlands

Wagner Forest Mgt. Weyerhauser Woodland Pulp **Testimony in Support of LD 1475**

"An Act to Promote Biomanufacturing and Biotechnology Development by Establishing a Tax Credit"

April 18, 2023

Patrick Strauch, Executive Director

Senator Grohoski, Representative Perry and members of the Committee on Taxation, my name is Patrick Strauch, I am a resident of Exeter and am here today to present testimony on behalf of the Maine forest Products Council in support of LD 1475, "An Act to Promote Biomanufacturing and Biotechnology Development by Establishing a Tax Credit."

The Maine Forest Products Council is an organization representing more than 300 members from all facets of the forest products industry. Members include paper mills, sawmills, loggers, truckers, foresters, panel manufacturers, biomass and pellet facilities and secondary manufacturers. We also have more than 8 million acres of dues paying landowner members.

The Council supports a refundable Maine income tax credit for investment in biotechnology incubators and biomanufacturing facilities because we think that it's a good idea. As an industry, we are moving into the forest bioeconomy where plant-derived products (tree cellulose) can replace petroleum-based products like plastics, fuels and building materials.

This concept is emphasized in Maine's Climate Action Plan's description of the Maine Forest Bioeconomy (attached) and has been a part of an active marketing effort by the Forest Opportunity Roadmap consortium (FOR/Maine) seeking to develop a marketing plan that diversifies Maine's wood markets and creates more opportunities for Maine's rural communities. (FMI: formaine.org)

In a global scan of opportunities for additional wood manufacturing in Maine many opportunities were identified (see diagram on next page) and continuous research and development occurs at the University of Maine.

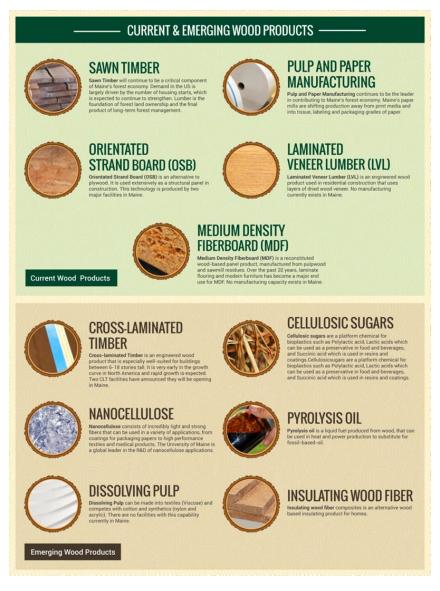
Within LD 1475, we seek clarification on several points within the definition of "Biotechnology products."

Our questions are as follows:

- It should be specified that wood cellulose and its extracts meet the definition of "commercially important biomaterials and biomolecules for use in advanced research, medicines, food, and beverage processing or industrial applications."
- Under "Manufactured using biological processes", is the definition limited to biological processes, or can it be interpreted to include chemical and mechanical processing of plant material? For example, cellulosic sugars are a platform chemical for bioplastics such as polylactic acid and lactic acids, which can be used as a preservative in food and beverages, and in succinic acid, which is used in resins and coatings. Would these compounds qualify for the credit?

We think Maine has numerous opportunities in the growing bioeconomy of the world, and this type of tax credit can reinforce or position us as leaders in this emerging field.

Thank you and I would be glad to answer any questions you may have.





MAINE'S FOREST BIOECONOMY AND CLIMATE CHANGE

Sustaining and developing new markets for Maine's forest products is critical to maintaining the working forests that provide significant benefits to Maine's climate goals by sequestering carbon.

Low-grade wood harvest is an important sustainable forestry tool, which helps landowners grow better quality timber. At the same time, sawmills and paper mills produce a lot of chips, dust, and residuals as waste from the production process. Innovation is driving new market opportunities for these waste wood materials.

Public awareness of global climate change has driven governments, consumers, and manufacturers to recognize that products produced with plant materials (cellulose) from trees and other plant products can be used to replace those made with petroleum products. As new biomass from trees grows and replaces the plant materials used to produce these products, it removes carbon from the atmosphere and contributes to carbon neutrality.

Growing worldwide demand for sustainably-produced climate-friendly products is one of the greatest opportunities recognized by the industry-led effort to build a globally competitive forest industry, called FOR/Maine.

A bioeconomy strategy for Maine relies on diversification of our forest economy through the pursuit of the best and highest use for every part of the tree, resulting in greater environmental and economic resilience and the reduction and repurposing of waste.

Innovative new products include cross-laminated timber, a building material for multi-story buildings that stores carbon for the life of the building; the use of wood cellulose in building insulation products as a replacement to petroleum-dependent fiberglass insulation; biodegradable and recyclable food packaging paper that replaces single-use plastic; and transportation and heating biofuels derived from woody biomass.