



Maine Forest Products Council

The voice of Maine's forest economy

Companies represented on the MFPC Board

American Forest Mgmt.
Baskahegan Co.
BBC Lands LLC
Bradbury Forest Mgmt.
Columbia Forest Prod.
Cross Insurance
Family Forestry
Farm Credit East
Fontaine Inc.
H.C. Haynes
Huber Resources
Innovative Natural
Resource Solutions
J.D. Irving
Katahdin Forest Mgmt.
Key Bank
LandVest Inc.
Limington Lumber
Louisiana Pacific
Maibec Logging
ND Paper
Nicols Brothers
Pingree Associates
Pixelle Specialty Sol.
Pleasant River Lumber
Prentiss & Carlisle
ReEnergy
Richard Wing & Son
Robbins Lumber
Sappi North America
Southern Maine Forestry
Stead Timberlands
TD Bank
Timber Resource Group
Timberstate G.
Wadsworth Woodlands
Wagner Forest Mgt.
Weyerhaeuser

Testimony in Opposition to LD 854

“An Act to Fund the Protection of Riparian and Estuarine Ecosystems and to Impose an Excise Tax on Certain Bottled Water Operators”

May 11, 2023

Patrick Strauch, Executive director

Senator Grohoski, Representative Perry and distinguished members of the Taxation Committee, I am Patrick Strauch from Exeter, Maine, and the executive director of the Maine Forest Products Council (MFPC). I represent Maine's forest product industry, which includes more than \$8 billion in economic contribution to the state's economy, and more than 33,000 direct and indirect jobs.

Since 1961, MFPC has represented the broad spectrum of our state's diverse forest products community, including logging contractors, sawmills, pulp and paper mills, biomass energy facilities, pellet manufacturers, furniture manufacturers, and the owners of more than eight million acres of commercial forestland in Maine.

To be effective, taxes should be stable, transparent, and impose the least number of possible distortions and hardships on the economy. LD 854 achieves none of those goals. It would tax an extremely narrow sector of the economy -- essentially, one company (Poland Spring), producing one product.

The 129th Legislature recognized the problems with a similar bill, LD 1074, and rejected it, as did the 130th Legislature with LD 1569.

MFPC's landowners oppose this natural resource extraction tax because of the precedent it would establish for taxing other natural resources (e.g., trees, medicinal plants). The precedent of expanding taxes on renewable resources is of major concern to the forest industry.

Forest landowners are concerned about their property rights, since under the common law in Maine the owner of land also owns the groundwater beneath the land. If a water tax is imposed, the opportunity for generating revenues from groundwater aquifers and springs is diminished, as would be the value of their land.

Landowners interested in forestland stewardship are facing increased pressure from development and escalating land values. Groundwater sales are an important opportunity for forestland owners to diversify and improve their revenue.

Opportunities that help create greater returns for forestland owners are in the best interest of a community that wants to keep its forestland intact. Taxes that reduce the competitiveness for water markets in Maine negatively affects these forest landowner opportunities.

MFPC forest industry manufacturers are concerned about the treatment of a natural

resource industry that is growing and building new jobs for Maine's citizens. Maine cannot attract environmentally compatible businesses if policy makers are focused on short term financial gains and not long-term opportunities and partnerships with job-makers.

Taxing water will distort markets and threaten an important opportunity for Maine's more rural areas. The Council urges you to **vote ought not to pass on LD 854**. Thank you for your consideration.