



Maine Forest Products Council

The voice of Maine's forest economy

Testimony in Support of LD 2279

“An Act to Promote Equity in the Forest Products Industry by Allowing Commercial Wood Haulers to Be Eligible for Certain Sales Tax Exemptions and Refunds”

March 27, 2024

Krysta West, Deputy Director

Senator Grohoski, Representative Perry and members of the Committee on Taxation, my name is Krysta West. I am a resident of Readfield and I am here today to present testimony on behalf of the Maine forest Products Council in general support of LD 2279, “An Act to Promote Equity in the Forest Products Industry by Allowing Commercial Wood Haulers to Be Eligible for Certain Sales Tax Exemptions and Refunds.”

As a trade organization, the Maine Forest Products Council represents the interests of all aspects of the forest industry, from the stump to the mill. Our members are acutely aware that the success of the industry relies on a healthy and robust logging and trucking workforce. We also know that that a global pandemic, unusual weather and extreme weather events and an ageing workforce has put a lot of strain on this sector of our industry, and that it needs all of the support that it can get. For these reasons, we are supportive of broadening the existing sales tax credit to include trucks, truck tractors and fuel.

That said, we find the provision connecting eligibility for this sales tax credit to unemployment compensation status to be problematic, so we asked our attorneys to review the language of this bill. Their feedback included the following:

- The most important provision is Section 4 of the bill. Currently 36 MRS § 2013 provides a sales tax refund for “any person, association of persons, firm or corporation” engaged in agricultural production, commercial fishing, aquaculture, or commercial wood harvesting.” LD 2279 removes commercial wood harvesting from that list and creates a separate paragraph for that industry. **That new provision provides for the same refund, but only for persons and entities participating in the State’s unemployment system** – that is, employees and

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. Haynes
Huber Resources
INRS
J.D. Irving
Katahdin Forest Mgmt.
Key Bank
Kennebec Lumber
LandVest Inc.
Louisiana Pacific
Maibec Logging
ND Paper
Nicols Brothers
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.
Weyerhaeuser
Woodland Pulp

employers. (This is the meaning of “[a]ny person, employer or employing unit as defined in Title 26, section 1043, subsection 10 that makes contributions or is eligible to receive benefits under Title 26, chapter 13, subchapter 7 or 6....”)

- **The effect of this change is to take the sales tax refund away from independent contractors** (who do not participate in the unemployment system), and to limit its availability to people eligible to receive benefits – *i.e.*, employees. (Of course, actual employees would likely not be paying for fuel in the first place.)

While many loggers in Maine do operate under an employer/employee model, there are a large number of independent, sole proprietor loggers who would be affected by this bill, as it would remove the existing sales tax credit from them while expanding it for others. The Maine Forest Products Council would not be supportive of this provision of the bill. Additionally, we find conditioning a sales tax incentive on participation in the State’s unemployment system to be a confusing precedent.

Additionally, as noted above, it’s unlikely that employees of logging and trucking businesses would benefit from the sales tax credit expansion, as it is unlikely that they are responsible for paying for fuel or equipment.

We need to encourage and strengthen our entire logging/hauling workforce, regardless of the structure of the operation or the size of the business. Many sole proprietor loggers and truckers support forest operations for large and small landowners. They are valued and the work that they do is just as important to the industry as their counterparts who work for larger logging/trucking companies.

For these reasons, the Maine Forest Products Council encourages the committee to support LD 2279, but without the provision linking eligibility to employment status. Thank you for your consideration. I would be happy to answer any questions the committee may have.