



Meetings with Maine's Congressional Delegation March 22-23, 2023 Washington, DC

Summary of the Economic Impact of Logging in Maine

The Maine forest products sector contributed an estimated \$8 billion in output to the state's economy in 2021. It employed some 14,563 people directly and is responsible for 33,538 jobs in total – one in every 24 jobs in Maine. An essential component of the industry is logging, which has a direct impact on the availability of and cost of delivered wood. Today, with Maine's forest products industry competing in a global market, the significance of logging sector is growing.

Logging in Maine

- ❖ An estimated 3,100 individuals work directly in the logging industry (2021). This includes estimates from both companies with employees, and sole proprietors acting in the state. Results indicate that output related to direct employment in harvesting was \$312 million.
- ❖ Including the induced and indirect effects of the logging industry in the state, the number of people employed was 5,600, and the total economic impact was over \$582 million.
- ❖ According to a recent study that the PLC conducted with the University of Southern Maine (2019), there are between 2,000 jobs in the logging industry that will need to be filled by 2030.
- ❖ The logging 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. As a result of mill closures, curtailments and inflation created by the response to COVID 19, we are estimating that Maine has lost 30% of its harvesting capacity and the layoff of nearly 1,000 people in harvesting and hauling since 2020. In just four years, the industry has shrunk from an annual economic impact of \$620 million to \$582 million and total jobs have been reduced from 9,000 to 5,500.

The PLC has serious concerns for the future of the logging industry. Assistance from Maine's Congressional delegation on the following issues would be greatly appreciated:

- A. **National Loggers Day** – Thank you to the Maine Delegation for championing this recognition. October 12th each year should be remembered and celebrated for the role that loggers have in the United States.
- B. **Reduction or elimination of the Federal Excise Tax (FET)**. The FET is a 12% sales tax imposed on the first retail sale of truck, trailer, and semitrailer chassis and bodies, and tractors. The funds derived from the FET are deposited in the Highway Trust Fund (HTF). The FET provides approximately 4.5% to 8.5% to the HTF depending on annual truck sales. The 12% retail FET tax is a deterrent to new vehicle sales. The heavy vehicle fleet is aging and the cost of new trucks with cleaner engines is already an impediment to new vehicle sales.
- C. **Support and stewardship of the Future Logging Careers Act**. The PLC is very thankful to the entire delegation for their support and leadership on this legislation. We are hopeful that action on this issue can be completed in 2023.
- D. **Support the Strengthening Supply Chains Through Truck Driver Incentives Act**— Create a new refundable tax credit of up to \$7,500 for truck drivers with a valid Class A commercial driver's license (CDL) who drive at least 1,900 hours annually. Create a refundable tax credit of up to \$10,000 for new truck drivers or individuals enrolled in a registered trucking apprenticeship.
- E. **Continued Support for wood energy** – Biomass carbon neutrality. BTU Act - Commercial tax credit recognition for the installation of new thermal wood energy systems. Continued funding for the Community Wood Energy program.