



**Testimony of
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**Before the Senate Committee on Agriculture Regarding Taxation of Vehicles Used for
Forestry Operations**

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Chair Ingalls, Vice Chair Major and members of the Senate Committee on Agriculture, my name is Dana Doran, and I am the Executive Director of the Professional Logging Contractors of the Northeast (PLC). It is a pleasure appearing before you today to discuss consideration of potential action by this Committee pertaining to the taxation of vehicles used for forestry operations.

As background, the PLC is an educational non-profit that was created in 1995 to represent logging and associated trucking contractors throughout the state of Maine. In May 2023, the membership voted to expand its presence and begin representing contractors in the region, including the state of Vermont. Today, we have 35 businesses from the state that are members of the organization and we are growing at a steady pace.

As this committee knows, timber harvesting and hauling are distinct and impactful components of Vermont's rural economy. Occupations from this industry are inextricably linked to the health and long-term management of Vermont's forests, which cover 75% of the state. As of 2024, logging and trucking contractors in Vermont employed over 800 people directly and were indirectly responsible for the creation of an additional 500 jobs. This employment and the investments that contractors make contribute more than \$140 million to the state's economy on an annualized basis.

However, timber harvesting and hauling contractors in Vermont are at a crossroads right now. While this past winter was "normal" from a weather perspective, two of the last three years have not been normal with warm, wet and variable weather patterns. Additionally, markets and inflation are also not normal, as evidenced by mill closures, significant market curtailment and extreme increases in the price of diesel.

In 2024 and 2025, Vermont experienced the closure of four important markets as a result of high interest rates and decline in demand for wood products – Putney Paper in Putney, A. Johnson in Bristol and Mill River Lumber in Clarendon and Ames True Temper in Wallingford. These closures are additive to the low-grade market struggles in the Northeast over the last decade and especially, the last six months.

Pulp and paper markets in the Northeast, the primary purchaser of low grade wood, have teetered on the edge since the fall of 2025. At one point in November 2025, all five of the consuming mills in Maine, New York and Quebec stopped purchasing wood as they were unsure that they could make a cost effective product that could be sold for a profit both domestically and internationally. As a result, they decided to curtail operations rather than losing money. This created economic and operational havoc throughout the region as it was the first time in the last 100 years that such a problem occurred.

Adding insult to injury, inflation on equipment, parts, wages, labor and now fuel has been upwards of 40%. Tariffs have added 20% to all logging equipment and parts since January of 2025 and diesel fuel is the latest example of this instability as prices have increased by more than 20% in the last thirty days alone. Contractors have nowhere to turn to offset these cost increases as they are price takers not price setters, similar to farmers, and they are questioning the economic viability of their businesses and their path forward.

As a result of this turmoil and no solid forecast for normalcy, the PLC and its membership in Vermont have been developing policy initiatives that would help all Vermont logging contractors deal with volatility of weather, markets and inflation so that contractors can survive for the future. S. 46, which was introduced in 2025 and would have exempted log trucks and trailers from both the purchase and use tax for new/used purchases as well as the sales tax for repair parts was a priority for our membership. S. 46 was deliberated by the Senate Transportation Committee last year but was ultimately amended to only provide an exemption on the purchase and use tax as it was the only source of revenue that they had discretion over. S. 46 passed the Senate last year and moved to the House, but it has been left on the wall since April 2025, because of the deficit situation with the Highway Fund. We would like to have this Committee consider creating an exemption for the sales and use tax, in a miscellaneous bill this spring, which would exempt only repair parts and have a limited impact upon the Education Fund.

For context on why this legislation is so vital, in 2014, Congress mandated the use of Tier IV heavy duty engines. These engines have reduced emissions by 98%, which is vitally important to environmental protection. However, that has come with a cost as heavy-duty trucks have doubled in price over the last 10 years. Logging and trucking contractors operate in a highly competitive and capital-intensive market. Profit margins are razor thin and close to non-existent.

Exempting trucks from sales and use taxes will help contractors maintain lower operating costs, improve profitability, and remain competitive regionally. Additionally, over time, repairs and maintenance are one of the largest expenses for these vehicles and exempting repair parts from sales and use tax, as was proposed in the original version of S. 46, will bring immediate relief to eligible companies. These exemptions will ultimately support local economies by protecting jobs in rural areas that are the homebase for these companies.

The General Assembly exempted logging equipment from these taxes in 2017 and 2018 but did not include motor vehicles or trailers associated with forest operations. Transportation vehicles in the logging industry are not just for getting from point A to B but are essential tools in the production and transport of raw materials (timber) to mills. Since trucks are integral to the supply chain, similar to machinery used in manufacturing or farming, they can be classified as production equipment, which is often tax-exempt in other industries. Vermont is surrounded by states that exempt these vehicles from taxation and the state's forest economy is at a disadvantage in a competitive regional economy.

State	Logging Vehicles Exempt from Sales Tax	Tax Rate on Vehicles	Repair Parts Tax Rate
NH	Yes	\$0	0%
NY	Yes	\$0	0%
ME	Legislation pending to exempt	Currently 5.5%	Legislation pending to exempt from 5.5%
VT	No	6% up to \$2,486 for vehicles 10,100 lbs or more	6%

When the original sales and use, and purchase and use, tax exemptions were supported and passed by the Legislature in 2017-18, it is our recollection that JFO calculated the revenue impact of those exemptions to be under \$100,000 annually for each exemption. We would expect that JFO's estimate for only the sales and use tax exemption on repair parts for trucks and trailers would be a similar amount.

Vermont is losing logging and trucking capacity. This is negatively impacting rural communities and more importantly, the businesses that steward our forests in a time when forest health and integrity is well known to be a critical part of climate resilience. Those that remain committed to the logging and trucking industry need every dollar they can hold on to for reinvestment in their equipment, employees, and best practices to compete for survival.

We would greatly appreciate the Committee's consideration and support for a full exemption for the Sales and Use tax,. We believe it's imperative to save jobs and will contribute to keeping this industry intact until markets return. Thank you for your willingness to take my testimony today and I would be happy to answer any questions you have.