



**Testimony of
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**Before the Senate Committee on Finance regarding S. 46, An Act Relating to the Taxation
of Vehicles Used for Forestry Operations
Friday, March 20, 2025**

Senator Cummings, Senator Chittenden and members of the Senate Committee on Finance, 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 in support of S. 46, An Act Relating to the Taxation of Vehicles Used for Forestry Operations. I would also like to thank the Committee for all of your hard work and dedication to our industry over the years.

Thank you to Senator Beck and Senator Mattos for co-sponsoring this legislation. S. 46, which originally sought an exemption from: 1) the purchase and use tax for new/used trucks and trailers and 2) sales tax for repair parts, is the industry's number one legislative priority this session and we hope this committee will pass this important legislation before crossover.

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. The PLC has three Board Members from Vermont, Sam Lincoln, Lincoln Farm Timber Harvesting, Randolph Center; Jack Bell, Longview Forest, Inc., Hartland; and Gabe Russo, Southwind Forestry, LLC, Pawlet and has 25 contractor members from the state.

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. The state's reliance on healthy forests requires focus and engagement on policies and programs that support a strong and vibrant forest economy.

However, timber harvesting and hauling contractors in Vermont are at a crossroads right now. While this past winter was "normal" from a weather perspective, the past two years have not been normal with warm, wet and variable weather patterns. Additionally, markets and inflation are also not normal.

In 2024, Vermont experienced the closure of three 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 in Clarendon. These closures are additive to the low-grade market struggles in Maine over the last decade and we expect that markets will get worse as a result of tariffs.

Adding insult to injury, inflation on equipment, parts, wages and labor over the last five years has been upwards of 40%. And currently, as a result of tariff threats, contractors are also now reporting that they are experiencing further inflation on fuel and equipment, in the amount of an additional 25%. A majority of contractors 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 working to develop 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, represents the outcome of our discussions and is critically important.

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.

Currently, new or used heavy-duty trucks and parts are subject to an 18% tax rate (12% federal and 6% purchase and use state tax). Exempting trucks from purchase and use taxes will help contractors maintain lower operating costs, improve profitability, and remain competitive regionally. Additionally, 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.

For contractors that cannot afford to invest in this technology as result of disincentives for purchasing, such as high taxes, they will continue to use older, more fuel and emission inefficient technology for longer periods of time. By reducing the financial burden for new investment on vehicles and related parts associated with forest operations, the exemption will encourage investment in modern, efficient, and environmentally sensitive equipment. This supports responsible forest management practices, helping contractors minimize their climate impact while adhering to environmental regulations.

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%	Currently 5.5%
VT	No	6% up to \$2,486 for vehicles 10,100 lbs or more	6%

In terms of the amended version of S. 46, I would like to thank the Transportation Committee for all of their hard work thus far and we understand completely why they took the steps that they did to amend the bill, both from the perspective of jurisdiction, but also from a cost basis. However, I would like to present an analysis for this Committee to consider as you deliberate taking action on S. 46 and request that the Committee consider an amended version of the original bill.

In 2017 & 2018, Sam Lincoln, who many of you know, worked with the administration and this Committee to develop the existing logging equipment exemption. As a current member of the logging sector, Mr. Lincoln and our organization believe the numbers presented by the Joint Fiscal Office (JFO), in terms of annual purchases of trucks by contractors, are *significantly higher* than our understanding of the on-the-ground situation now.

Publicly facing websites representing forest economy trade associations and logger training programs in Vermont have a total of *approximately* 197 unique companies currently listed that identify as logging or trucking contractors. When counting companies, we did our best to eliminate potential duplicates that are listed on multiple websites. Essentially all of these are small rural businesses.

When Mr. Lincoln was the Deputy Commissioner at the Department of Forests, Parks, and Recreation, he was asked regularly how many logging companies there are in Vermont. They're not tracked in any official way, but generally, using some modeled numbers, it was estimated that there were 200-250 companies in the 2017-2020 era.

Since 2020 and the impacts of the pandemic (inflation, labor shortages, equipment and parts shortages, and market downturns), and severe weather events that resulted in long durations of inoperable ground conditions, there has been significant attrition in the number of logging companies in Vermont and many remaining companies are much smaller in size than they were prior to the pandemic. Thus, based upon the data we have found recently, our current estimate of 197 companies should be relatively accurate.

When the original sales and use, and purchase and use, tax exemptions were supported and passed by the Legislature in 2017-18, it was Mr. Lincoln's recollection that JFO calculated the revenue impact of those exemptions to be under \$100,000 annually for each exemption. JFO's fiscal note for the amended version of S. 46 projects a \$1,000,000 annual impact to the Transportation and Education Funds if the full exemption was provided for the purchase and use tax.

Assuming the \$1,000,000 and dividing that by the capped Purchase and Use tax amount of \$2,486 per vehicle equates to an estimated **402 vehicles** purchased annually, registered with a Gross Vehicle Weight of 10,000 pounds or more. This amounts to an average of more than two heavy duty vehicles purchased by each Vermont logging and trucking company per year and we believe that projection is much too high.

In the past 30 years, Mr. Lincoln purchased a new service truck (12,500-pound GVW) on a seven-year average interval. From his experience and others in our membership, we would offer that loggers in Vermont replace trucks (log trucks, service trucks, log and chip trailers) on anywhere from a three to ten-year interval (some longer). We are unaware of any loggers in Vermont that annually purchase two heavy trucks, tractors, trailers, etc.

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.

If the Committee would consider supporting an amended version of S. 46, which was drafted by Mr. Michael O'Grady on March 12, 2025, (attached), and includes revisions discussed by the Transportation Committee, we would greatly appreciate it. Our membership and the broader industry are asking this Committee to help us move this important initiative forward. We believe it's imperative to save jobs and keep this industry intact until markets can return. Thanks for your willingness to listen to me today and I would be happy to answer any questions you have.

1 TO THE HONORABLE SENATE:

2 The Committee on Transportation to which was referred Senate Bill No. 46
3 entitled “An act relating to the taxation of vehicles used for forestry
4 operations” respectfully reports that it has considered the same and
5 recommends that the bill be amended by striking out all after the enacting
6 clause and inserting in lieu thereof the following:

7 Sec. 1. 32 V.S.A. § 8911(23) is amended to read:

8 (23) The following motor vehicles, including their repair parts, used for
9 timber cutting; timber removal, ~~and~~ processing of; and transportation of
10 equipment, timber, or other solid wood forest products intended to be sold
11 ultimately at retail: skidders with grapple and cable, feller bunchers, cut-to-
12 length processors, forwarders, delimbers, loader slashers, log loaders, whole-
13 tree chippers, stationary screening systems, and firewood processors, elevators,
14 and screens, semi-trailers, tractors, truck cranes, truck tractors, trailers, and
15 motor trucks and motor vehicles with a manufacturer’s listed gross vehicle
16 weight of 10,000 pounds or more. The Department of Motor Vehicles may
17 require a purchaser at the time of purchase to certify that a motor vehicle or
18 other equipment is exempt under this section. The Department of Motor
19 Vehicles shall publish guidance relating to the application of this exemption.

(12) “Motor truck” has the same meaning as in 23 V.S.A. § 4(20).

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(51) The following machinery, including repair parts, used for timber cutting, timber removal, and processing of; and transportation of equipment, timber, or other solid wood forest products intended to be sold ultimately at retail: skidders with grapple and cable; feller bunchers; cut-to-length processors; forwarders; delimbers; loader slashers; log loaders; whole-tree chippers; stationary screening systems; firewood processors, elevators, and screens, semi-trailers, tractors, truck cranes, truck tractors, trailers, and motor trucks and motor vehicles with a manufacturer's listed gross vehicle weight of 10,000 pounds or more; and when sold for use on any machinery listed under this subdivision, traction enhancement accessories, tire chains, track systems, and winch cables. The Department of Taxes shall publish guidance relating to the application of this exemption. The Department of Taxes may require a purchaser at the time of purchase to certify that a motor vehicle or other equipment is exempt under this section. As used in this subdivision, "motor vehicle" has the same meaning as in 23 V.S.A. § 4(21) and "motor truck" has the same meaning as in 23 V.S.A. § 4(20).

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Sec. 4. EFFECTIVE DATE

This act shall take effect on July 1, 2025.

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5 (Committee vote: _____)

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Senator _____

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FOR THE COMMITTEE