



**Testimony of
DANA A. DORAN
Executive Director
Professional Logging Contractors of the Northeast**

**Before the Senate Committee on Transportation regarding S. 46, An Act Relating to the
Taxation of Vehicles Used for Forestry Operations
Tuesday, February 11, 2025**

Senator Westman, Senator White and members of the Senate Committee on Transportation, 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 Senator White, Senator Brennan and Senator Perchlik for co-sponsoring this legislation. S. 46, which seeks an exemption from: 1) the purchase and use tax for new/used trucks and trailers and 2) sales tax for repair parts, is the PLC's number one legislative priority this session and we hope this committee will pass this important legislation as a stand-alone bill or include it in the Department of Motor Vehicles miscellaneous bill.

As background, the PLC is a trade association 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 winter is "normal" from a weather perspective, markets are not. 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. We do not expect markets in the Northeast to recover until at least 2027 at the earliest.

Adding insult to injury, inflation on equipment, parts, wages and labor over the last five years has been upwards of 40%. Additionally, the last two years have been warm, wet with variable weather patterns that have many contractors questioning the economic viability of their businesses and their path forward.

As a result, the PLC and its membership in Vermont have been working to develop policy initiatives that would help Vermont logging contractors deal with these highly variable weather and market conditions

so that its membership and contractors in Vermont can make it to 2027. S. 46, represents the outcome of our discussions and is incredibly 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% state). 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 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, 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%

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.