Maine Forest Products Council

The voice of Maine's forest economy

Testimony in Support of LD 195

"An Act to Create the Small Business Capital Savings Account Program"

February 6, 2025
Krysta West, Deputy Director

Good morning, Senator Curry, Representative Gere and members of the Housing and Economic Development Committee. My name is Krysta West. I live in Readfield, and I am testifying today on behalf of the Maine Forest Products Council in support of LD 195, "An Act to Create the Small Business Capital Savings Account Program".

Before I get into the specifics of the bill, I will take a moment to introduce our group to this committee. For 65 years, the Maine Forest Products Council has served as the voice of Maine's forest economy, representing more than 300 members from all facets of the forest products industry. Our members include pulp and paper mills, sawmills, secondary wood processors, foresters, loggers, truckers, commercial landowners and more.

Every few years the Maine Forest Products Council polls its membership to get a sense of how things stand in the industry. This poll includes input from loggers, truckers, commercial landowners, sawmills, pulp and paper mills, biomass energy plants and consultants, so it provides valuable cross-sector insight. Last September, ¾ of respondents indicated that business income was below the level that it was at in 2022. To provide context, when we asked in 2022 how incomes compared to 2020, 54% were up and 46% were at the same level. Nobody across the industry indicated business income reductions. This reflects global market forces such as high interest and mortgage rates and low pulp demand that are (hopefully) temporary, but beyond our control. When asked about the biggest challenges, one of the top answers from our membership in both 2024 and 2022 was logging and hauling capacity.

It is no secret that the cost of doing just about everything has increased in recent years. That is particularly true for our loggers and haulers that are faced with operational uncertainty, unpredictable weather conditions, part shortages, the loss of critical markets and more. Our logging workforce is also aging with 59% being 45 years of age or older. This is an especially concerning demographic considering how central the logging workforce is to every other sector of the forest products industry.

To encourage the current logging workforce to stay in the industry, and to make it possible for the next generation to join the ranks, logging and hauling must be profitable. Our members in the industry are taking proactive measures to help by providing longer term contracts to help stabilize rates and workflow, providing a fuel surcharge to offset the price of diesel when costs unexpectedly increase and working hard to attract more manufacturing capacity to Maine to help strengthen wood product markets. Our members are also advocating for a coordinated spruce budworm outbreak response with the Maine Forest Service and the University of Maine to keep our forests healthy to support current and future logging jobs and markets. But more can and should be done.

The high capital investment requirements for equipment purchases are a barrier to entry into the logging workforce, especially for those who are young or first-generation loggers. As drafted, LD 195 would help lower the barrier by establishing a Small Business Capital Savings Account pilot project to allow certified businesses engaged in agricultural production, commercial fishing or commercial wood harvesting to claim a tax deduction for contributions up to $250,000 made to a qualifying account to be used for capital expenditures. The Council thinks this is a good approach, and we strongly encourage the Committee to support it.

Thank you for your consideration, I would be happy to answer any questions you may have.