Maine Forest Products Council

The voice of Maine's forest economy

Testimony In Strong Opposition to LD 2212, Part O

"An Act Making Supplemental Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2026 and June 30, 2027"

February 19, 2026
Krysta West, Executive Director

Good afternoon, Senator Rotundo, Representative Gattine, Senator Grohoski, Representative Sayre and distinguished members of the Appropriations and Financial Affairs and Taxation committees. My name is Krysta West. I am a resident of Readfield, and I serve as the Executive Director of the Maine Forest Products Council. I am providing testimony today on behalf of our members in strong opposition to Part O of LD 2212, the Supplemental Budget.

For 65 years, the Maine Forest Products Council has served as the voice of Maine's forest economy, representing hundreds of members from all facets of the forest products industry. Our members include pulp and paper mills, sawmills, secondary wood processors, foresters, loggers and truckers. We also represent commercial landowners sustainably managing more than 8 million acres of forestland.

Together, this industry remains one of Maine's largest economic engines, sustaining 29,000 jobs spread across all 16 counties, anchoring rural communities, and contributing $8.3 billion to the state's economy. [1]When forest products businesses struggle, entire regions of Maine feel the impact.

Part O of LD 2212 proposes a dramatic and retroactive elimination of the Business Equipment Tax Reimbursement (BETR) program for forest products companies—a change that would destabilize operations across the industry and undermine the significant progress Maine has made in growing a resilient forest economy. Based on the information available**, approximately 60 forest products companies would be directly affected by this change**. The retroactive nature of **the proposal would claw back approximately $1.6 million from last year and $3.1 million from this year alone**—unexpected losses that no business can responsibly plan for.

At a time when Maine's forest industry is working hard to retain its workforce and strengthen rural economies, Part O would unexpectedly increase taxes on forest products businesses by **the equivalent of 52 good-paying jobs** per year – jobs that the BETR program have helped our businesses retain. These jobs matter in every corner of the state— but especially in rural communities where forest products companies are often the largest employers.

Retroactively eliminating the BETR program would be a significant tax increase on approximately 60 forest products companies—including all four remaining paper mills and many of our sawmills. From logging operations in the forest to our mills and manufacturing facilities, Maine's forest industry is highly capital-intensive, requiring continuous reinvestment to remain competitive in global markets. In the past six years alone, MFPC members have invested at least $1.5 billion into Maine. The abrupt rollback of BETR represents a material tax increase on companies whose investments keep the state's forest economy strong. Retroactive taxation erodes business

[1] https://maineforest.org/wp-content/uploads/2025/10/2024-Economic-Report-FINAL-for-printing-AK.pdf

confidence, undermines existing commitments, and sends a signal that Maine is willing to change the rules long after companies have already made their investment decisions.

Maine's forest economy is transforming—and that transformation depends on stable tax policy. Maine is undergoing a bold shift from traditional timber and paper products to becoming a globally recognized leader in forest-based innovation, biomanufacturing, and sustainable materials. This transformation is underway because companies have been willing to invest in new technologies, new products, and new facilities. These investments—often tens or hundreds of millions of dollars—cannot happen without predictable and stable tax policy. Eliminating BETR, especially retroactively, would send the opposite message at the very moment when stability is most essential.

Diversifying and expanding forest product markets is mission-critical. Over the last decade, Maine has already experienced a loss of harvest equivalent to approximately 257 log truck loads of harvest every day of the year as mill closures and shifting markets reduced demand, and these losses continue to expand. To counter a loss of this magnitude, bold diversification efforts are essential.

Last session, I testified in support of LD 798[2], a cross-laminated timber (CLT) bond that would help Maine gain a competitive edge in the northeast by de-risking the entry of the first major manufacturer in Maine. Just weeks ago, I testified before the Taxation Committee in support of LD 2044[3], a bill to update the biofuels tax credit so that it can support this emerging renewable sector at its current stage of development. These efforts—both top priorities for restoring lost markets and growing our $8.3 billion forest economy—depend on the confidence of investors who need assurance that Maine values innovation, welcomes investment, and honors its commitments.

Passing Part O of LD 2212 would introduce uncertainty, increase taxes retroactively, and risk undermining the very innovation Maine has worked so hard to attract. The stakes are enormous.

While it has contracted since our last report in 2019, Maine's $8.3 billion forest products industry supports approximately 29,000 jobs across all 16 counties. Undercutting this sector through retroactive tax increases not only harms manufacturers, but it also harms workers, contractors, loggers, truckers, landowners and entire communities that depend on these wages and markets.

For all these reasons I urge this committee to **remove Part O from LD 2212** or **make the personal business property currently in BETR eligible for the exemption under BETE.** Maine's forest economy needs stability, reliability, and partnership—not abrupt policy reversals that burden the very companies working hardest to invest in Maine's future.

Thank you for your time and for your careful consideration. I would be happy to answer any questions.

[2] https://maineforest.org/wp-content/uploads/2025/04/LD-798-Support.pdf
[3] https://maineforest.org/wp-content/uploads/2026/01/LD-2044-Support.pdf