



STATE OF MAINE
OFFICE OF THE GOVERNOR
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AUGUSTA, MAINE
04333-0001

Paul R. LePage
GOVERNOR

2 July 2018

The 128th Legislature of the State of Maine
State House
Augusta, ME

Dear Honorable Members of the 128th Legislature:

Under the authority vested in me by Article IV, Part Third, Section 2 of the Constitution of the State of Maine, I am hereby vetoing LD 1744, "An Act To Create a Credit under the Commercial Forestry Excise Tax for Landowners Using Businesses Based in the United States."

LD 1744 would establish a new, 100-percent credit against the commercial forestry excise tax (CFET) for landowners who hire harvesting businesses based in the United States. Although I share the goals of this bill, it is flawed in operation.

The CFET exists to partially offset the costs of forest-fire protection incurred by the Department of Agriculture, Conservation and Forestry. Currently, Maine Revenue Services collects more than \$2 million a year from this tax. With approximately 750 taxpayers and 9 million acres of taxable forest land subject to the CFET, I remain concerned that LD 1744 would needlessly endanger the ability of the Maine Forest Service to combat wildfires in our state.

If the drought that plagued Maine for much of last summer is any indication, now is not the time to diminish such a critical funding source.

In addition to these more pressing concerns, our state's tax administrators report that this bill would be nearly impossible to implement. For example, LD 1744 requires that all hired harvesters be current on state and local taxes. Such a provision is difficult, if not impossible, for landowners to prove, especially since most tax information is confidential and a contractor or other business is not legally obligated to provide this information to a third party. Further, the bill does not specify the timing and duration of the proposed credit or adequately identify the requirements necessary to be fulfilled in order for a landowner to qualify.

Finally, LD 1744 may jeopardize the legality of the independent contractor relationship between commercial forest landowners and the businesses they use for harvesting and transport. This would lead to numerous issues, including increased costs, for the parties involved and negate any potential benefit of this bill.

For these reasons, I return LD 1744 unsigned and vetoed. I strongly urge the Legislature to sustain it.

Sincerely,

Paul R. LePage
Governor



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