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GOVERNOR

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AUGUSTA, MAINE  
04333-0001

May 6, 2022

130<sup>th</sup> Legislature of the State of Maine  
State House  
Augusta, Maine

Dear Honorable Members of the 130<sup>th</sup> Legislature:

By the authority vested in me by Article IV, Part Third, Section 2 of the Constitution of the State of Maine, I am hereby vetoing L.D. 1919, *An Act to Encourage Job Growth in the Forest Products Sector through Tax Incentives*.

Promoting growth, diversification, and innovation in Maine's forest products sector is a top priority for my Administration. This heritage industry is a key part of Maine's history and an integral part of our economic future. The intent of this legislation, to create new employment opportunities in the forest products sector, is a laudable goal that I support.

Unfortunately, L.D. 1919 would not effectively achieve this outcome. The bill would require the State to offer a cash incentive for any qualified business in the industry that adds even just one new qualified employee. After close review of the public hearing testimony, work session discussion, and correspondence received by my office, it is apparent that there is no consensus among industry leaders that this program would result in positive results for the forest products sector. I am concerned about the creation of a new sector-specific program that lacks broad support within the very sector it is supposed to help.

In fact, some have warned that creation of this tax credit could create additional instability in an already competitive labor market. The logging industry has faced significant workforce shortages in recent years, with estimates showing that the industry will need to replace a projected 2,000 workers by 2031. This bill would reward an employer for hiring a person away from another contractor in the same industry, even in the same geographical area, effectively cannibalizing the existing workforce rather than expanding it. We must take care to ensure that any new state initiatives actually help alleviate that shortage and do not inadvertently exacerbate the challenge of attracting and retaining qualified workers in the industry.

Establishing a new tax incentive program would also require costly and time-intensive administrative measures, including new staff and substantial resources. Making that type of



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investment would be worthwhile if it were clear that the initiative would achieve the desired outcome, but the concerns expressed about this initiative demonstrate that is not the case here.

My Administration is committed to the economic recovery, sustainability, and growth of the forest products sector. That is why my Maine Jobs & Recovery Plan Forest Recovery Initiative recently invested \$6 million in 224 Maine forest products-related companies – most of them with ten employees or fewer. My plan, recently made available nearly \$40 million for small businesses in seven of Maine's key technology sectors, including Forest Products & Agriculture.

There is more we can do to help the forest products industry succeed and to increase the number of loggers and truckers in Maine. L.D. 1919, however, is the wrong approach.

For the reasons I have detailed in this letter, I return L.D. 1919 unsigned and vetoed, and I urge the Legislature to sustain this veto.

Sincerely,



Janet T. Mills  
Governor



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