



Janet T. Mills
GOVERNOR

STATE OF MAINE
OFFICE OF THE GOVERNOR
1 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0001

January 10, 2020

The 129th Legislature of the State of Maine
State House
Augusta, Maine

Dear Honorable Members of the 129th Legislature:

By the authority conferred by Article IV, Part Third, Section 2 of the Constitution of the State of Maine, I am vetoing LD 268, An Act to Create a Credit under the Commercial Forestry Excise Tax for Landowners Using Businesses Based in the United States.

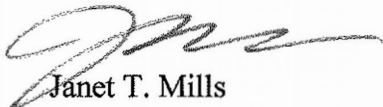
LD 268 proposes to tie a state tax credit from the Commercial Forestry Excise Tax (CFET) to the percentage of United States residents a company employs in the woods. While I applaud the goal of the bill to encourage companies to hire Maine people, I am concerned that this bill will present unintended but significant, legal, programmatic, and financial issues for the state.

Basing a tax credit on the percentage of contracted United States residents could well run afoul of both the Commerce Clause and the foreign Commerce Clause of the United States Constitution, which prohibit regulation or taxation on private businesses that cause them to discriminate against residents of other states or countries. If this bill were to become law, it would likely expose the state to long and costly litigation ultimately with no benefit to Maine people, but with potentially significant cost to the state.

Additionally, the CFET is levied on owners of more than 500 acres of forest land, imposed upon the privilege of using one's land in commercial forestry enterprise in this State. Some 750 landowners who collectively own more than 9 million acres of forest land are subject to the tax. Each year, the state collects about \$2.5 million, which covers 40 percent of the cost of the forest fire activities within the Maine Forest Service. The new tax incentive in LD 268 could create a financial hole in the state's critical fire protection services. Filling this gap would require a tax increase assessed to the remaining landowners or an additional General Fund appropriation.

For these reasons, I return LD 268 unsigned and vetoed and urge the Legislature to sustain this veto.

Sincerely,



Janet T. Mills
Governor



PRINTED ON RECYCLED PAPER