



## Hardwood Federation August 2021 Newsletter

### Support the Hardwood Federation...YOUR Voice in Washington, D.C.

The Hardwood Federation has fought for you, your companies, and your employees for fifteen years. We remain steadfast in our mission to advocate on behalf of hardwood businesses to White House and Congressional leaders regardless of party. We are on the political front line, fighting every day so you can have a successful tomorrow.

And we need your help to continue the fight. Your financial support and active engagement are vital as we continue efforts to give the hardwood business community a voice in Washington D.C. on federal policies that impact the bottom line.

The Hardwood Federation leverages the voices of the U.S. hardwood industry to make sure the Biden White House, Administration Officials and Congressional Leaders understand the valuable contributions the production of hardwood timber and products can make on multiple levels of the U.S. economy.

In 2021 the Hardwood Federation's top priorities and engaging the hardwood industry in economic recovery and linking the industry's environmental stewardship to Biden Administration carbon reduction goals. In addition, they will continue to advocate on additional issues that impact hardwood companies, including:

- Regulatory and tax reform,
- Transportation,
- International trade,
- Renewable energy, and
- Green building.

Please consider providing the necessary corporate or personal financial assistance to support the Hardwood Federation's work plan in 2021 and beyond. It is more important than ever, as

the federal government officials hear from a multitude of interest groups, not all of them friendly to the hardwood story. The competition for attention and support is intense. Now, more than ever, U.S. hardwood businesses cannot afford to be without representation.

To those of you that are already supporters in 2021, thank you for your interest and engagement. To those of you that have not yet contributed, you may do so in one of two ways:

- Companies may contribute to the **Corporate Operating Fund**, [here](#). Corporate donations are tax-deductible financial contribution that supports the day-to-day operations of the Washington, D.C. based staff.
- Individuals may make personal contributions to the Hardwood Federation **Political Action Committee (HFPAC)** [here](#) which gives the Federation an important tool that opens doors to policy makers and supports our friends on Capitol Hill who understand hardwood industry issues and work with us to ensure a healthy business environment.

The Hardwood Federation cannot continue without this vital financial support from the industry. Please contribute how and what you can...you are making an investment in the future of the industry...and of your place in it.

## The Bumpy Road to an Infrastructure Bill

In mid-August, the U.S. Senate passed a comprehensive infrastructure package titled the Infrastructure Investment and Jobs Act. The bipartisan measure includes over a half trillion dollars in spending on roads, ports, bridges, and rail, among other priorities. Included within the 2,700-page bill are a few items of interest to the Hardwood Federation—

- Language creating a new federal system for subsidizing sawmills and other wood processing facilities, along with \$400 million in new financial assistance. The provision specifies that “close proximity” to a sawmill would become a factor for agencies to consider when funding federal land restoration. One of the ongoing challenges to making thinning projects economical is access to processing facilities. Existing wood processing infrastructure is not in close proximity to many federal forests that desperately need active management.
- A favorable provision grandfathering existing gross vehicle weight limits on states roads converting to interstate highways. Currently in North Carolina, several state roads are slated to become federal interstates in the near future. Right now, the maximum gross vehicle weight limit on North Carolina state roads is 90,000 pounds on for 5 axle trucks carrying logs and forest products. Once those roads convert to interstates, the weight limit would decrease to 80,000 pounds unless the 90,000-pound standard is grandfathered. The Senate-passed infrastructure bill addresses this issue.

- Authorization for a pilot program allowing young drivers (between 18-21 years old) to operate trucks interstate after completing rigorous operational and safety training. Currently, younger drivers may drive all day every day within a state's borders but may not cross state lines. For the last few years, the provision, known as the DRIVE Safe Act, has been a priority of truck-dependent industries as a way of attracting younger drivers to the profession. Related language was also included promoting women in the trucking workforce.
- Language establishing a vehicle-miles travelled (VMT) fee pilot program. Specifically, the legislation authorizes \$125 million for grants that would enable creation of pilot VMT programs to collect data on whether a VMT is a viable option for replacing the gas tax to fund highway programs. The VMT would apply to both private and commercial vehicles.
- Efficient Manufacturing—\$2.1 billion in assistance to help manufacturers improve energy, water and material efficiency, load management and onsite generation to reduce waste and pollution while increasing profit. The provision includes a special set aside for small to medium sized manufacturing operations.

Overall, the business community supports the measure as it does not roll back any tax benefits accrued from the Tax Cuts and Jobs Act. Funding for this proposal is derived in part from reprogramming unspent COVID relief funds. The National Association of Manufacturers released a statement following Senate passage that it strongly supports the measure and worked aggressively for its passage through the Senate. Prospects for ultimate enactment of this legislation are unclear as action in the House of Representatives awaits.

And this measure will move in tandem with a reconciliation package that will be the vehicle for President Biden's "social infrastructure" investment initiatives outlined in his American Families Plan. Before leaving town for the remainder of August, the Senate voted along party lines to advance a budget resolution containing reconciliation instructions that empowers committees in the Senate to begin fashioning a \$3.5 trillion spending and tax package. The House followed suit yesterday and approved the Senate-passed budget resolution and begin its process. As part of a deal with House moderates to secure their support, the House budget resolution includes a commitment that the full House will take up the bipartisan infrastructure package by September 27.

#### **Next Steps:**

Work in earnest on this second, larger measure will begin in early September when committees in both chambers will be assembling their portions of the overall package. Key committees are the Senate Finance and House Ways & Means Committee as these two panels are in charge of paying for the package in the form of revenue raisers. An increase in the corporate rate is on the table as is eliminating the "step up in basis" for calculating capital gains.

Other key committees holding the pen on issues critical to the hardwood sector include the Senate Environment and Public Works Committee and the Senate Energy and Natural Resources Committee, two panels that will be crafting greenhouse gas mitigation policy and a

renewable electricity standard, respectively. In the House, the other key panel is the Energy & Commerce Committee, which has jurisdiction over most environmental and energy policy.

The stated deadline for committees to report out their pieces of the package is September 15, although that deadline is non-binding and will almost certainly slip. The general consensus is that a number of proposals under discussion for inclusion in this \$3.5 trillion package lack sufficient support for passing in either the evenly divided Senate or the House, where Democrats can afford only 3 defections in order for this package to pass. House and Senate Republicans are expected to be unified in their opposition. Moderate Senators Kristen Sinema (D-AZ) and Joe Manchin (D-WV) have already signaled that they cannot support the \$3.5 trillion package as currently outlined. Likewise, leaders of the 19-member Blue Dog Coalition in the House—a group of moderate to conservative Democrats—has signaled their Coalition’s concerns with the current outline. To obtain the necessary number of votes, the package will likely have multiple iterations, potential failed votes, and could result in a smaller, more targeted package.

The Hardwood Federation team is close to the players and the process and will be engaged in the coming weeks and months in communicating our concerns and priorities to Members of Congress, legislative leadership and the Administration.

#### Shipping Legislation Launched

On August 10 Congressmen John Garamendi, D-CA, and Dusty Johnson, R-S.D., introduced the [Ocean Shipping Reform Act of 2021](#) to address international shipping concerns being experienced by U.S. exporters, including the hardwood industry. The legislation would impose minimum requirements on ocean carrier service contracts and shifts the burden of proof in regulatory proceedings from shippers to the container lines. It also establishes reciprocal trade as part of the Federal Maritime Commission’s (FMC) mission – including mandating that ocean carriers cannot decline export cargo if the containers can be loaded safely and within a reasonable time frame.

The legislation also:

- Updates requirements on ocean common carriers to incorporate best practices in the shipping industry.
- Requires ocean common carriers or marine terminal operators to certify that any demurrage or detention charge complies with FMC regulations or face penalties.
- Limits exemption for marine terminal operators for any terminal detention or demurrage charges if such charges are based on public port tariffs set under state law.
- Effectively codifies the FMC’s Interpretive Rule on Demurrage and Detention Under the Shipping Act and obligates ocean carriers to adhere to minimum service standards that meet the public interest, determined by the FMC in new required rulemaking.

- Requires ocean carriers or marine terminal operators to maintain all records regarding invoiced demurrage or detention charges for at least five years and provide such records to the FMC or invoiced party on request.
- Allows third parties to challenge anti-competitive agreements in FMC complaints, and
- Establishes a new process for addressing demurrage and detention complaints giving the FMC a more active role in investigating them.

The legislation is not anticipated to move until later this year and may be folded into other legislative efforts, including the Coast Guard Authorization of 2021. There is widespread support for the legislation among U.S. exporters of agriculture goods. The Hardwood Federation signed on to a letter of over 100 agriculture associations in support of the legislation and will continue to signal support to the Administration and Congress.

### **Mass Timber in NDAA**

On Monday, the House Armed Services Committee is scheduled to take up the Fiscal Year 2022 National Defense Authorization Act or NDAA. An amendment sponsored by Rep. Jared Golden (D-ME) that was included during subcommittee consideration of the bill would establish a pilot program for mass timber to be used in military construction projects. As soon as the subcommittee approved the amendment, the concrete industry was out with a letter criticizing the policy as “picking winners and losers” and extolling the carbon benefits of concrete construction. The Hardwood Federation is working with our wood products association allies here in town to support inclusion of the mass timber pilot in any final bill that is reported from committee and moves to the House floor. The messaging to full committee members is mass timber is less expensive than competing materials, speeds construction time by 15-20 percent and is proven to sequester carbon—unlike steel or concrete.

### **Hardwood World**

Congratulations Lewis Controls!

This is Lewis Controls Inc.’s 50<sup>th</sup> year anniversary. Lewis is a subsidiary of Corley Mfg. Co. and manufactures scanning optimization systems and electronic controls for sawmill carriages, board edgers, gang saws, resaw systems and custom systems. Lewis provides systems for retrofit to existing equipment as well as for new machinery.

Make Your Voice Heard on Trade Regulations

The [Asia-Pacific Economic Cooperation’s Experts Group on Illegal Logging and Associated Trade](#) (APEC EGILAT) recently released a brief survey of private sector companies and organizations in the forest products supply-chain to identify the key issues and challenges they face in trading in legally harvested forest products. This is an important component of the project under APEC EGILAT’s current policy theme, *“Advancing the trade and distribution of legally harvested forest products.”*

The Office of the U.S. Trade Representative would like to see U.S. business perspectives well represented in the data collection. The U.S. is a key member of APEC, and the current policy theme is an important one. They would appreciate relevant association and company participation in the survey. If you could share this survey with your member companies that export products, that would provide valuable U.S. focused information to the process.

The survey and its results are anonymous, with no links to private sector organizations. The data and results of this survey will inform a process to identify and explore potential actions that can be undertaken by APEC economies and other stakeholders (including the private sector, civil society and international organizations) to support those that trade in legally harvested forest products.

**Instructions for Data Submission:** Private sector respondents should **click on the link below** and will be brought to a short survey of 18 questions divided into two sections. This survey will take an estimated 10-15 minutes.

**EGILAT Private Sector Survey link:** <https://www.surveymonkey.com/r/DRXG2CC>

**Please complete the survey by August 28, 2021** to ensure your views will be heard.

If you have any questions pertaining to the technical language used in the survey, please contact Luke Thompson ([ThompsonLD@state.gov](mailto:ThompsonLD@state.gov)). If you are having logistical issues or issues accessing the survey, please contact Daniel Guerrini ([DGuerrini@nathaninc.com](mailto:DGuerrini@nathaninc.com)).