

Hardwood Federation Update Farm Bill Heads to the Finish Line

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In mid-July, the House of Representatives voted to proceed to conference negotiations with the Senate on H.R. 2 - the Agriculture Improvement Act of 2018, colloquially known as the **Farm Bill**. And in the coming weeks, the Senate is expected to take similar action, ultimately setting up a conference committee process between the two chambers to iron out the significant differences in H.R. 2 and S. 3042 - the House and Senate-passed Farm Bill versions. (The current Farm Bill, last enacted in 2014, is slated to expire on September 30.)

In regard to Hardwood Federation Priority Issues, here's a snapshot on how the competing bills differ.

- ***Trade** – H.R. 2 authorizes and fully funds both the Market Access (MAP) and Foreign Market Development (FMD) programs annually at \$200 and \$34.5 million respectively over the next 5 years. While S. 3042 provides \$4.5 million more annually, in trade funding, than H.R. 2. ***(See below for greater detail.)**
- ***Federal Forestry** - H.R. 2 creates new "categorical exclusions" from NEPA reviews that will facilitate needed project work on federal lands. S. 3042 contains no meaningful federal forestry provisions.
- ***Tall Wood Buildings** - H.R. 2 includes only the research portion of the Timber Innovation Act. S. 3042 includes both the research and Wood Innovation Grants provisions of the Act. Neither includes the Tall Wood Building Competition provision.
- ***Biomass Incentives** - S. 3042 reauthorizes the Community Wood Energy Program (CWEP) at \$5 million, annually. H.R. 2 authorizes greater funds for CWEP, and more.

You may recall that earlier this spring, H.R. 2 passed the full House by the narrowest of margins. (The legislation did not receive a single Democrat vote, due largely to disagreements over the bill's approach to reauthorizing the food assistance programs and imposing work requirements.)

The Senate's process was completely different, with S. 3042 passing the upper chamber with broad bi-partisan support, as Senate leaders opted not to make sweeping changes to the food assistance title. (It is this area that will be most contentious moving forward in the conference process.)

Going forward, Hardwood Federation (HF) will be working aggressively in several key areas. We will be communicating our strong support for the MAP and FMD programs. Yes, both bills fully fund these programs, but they do have detractors in Congress. So, we will be vigilant for any attempts to alter or reduce funding for these key programs, critical to opening up and sustaining markets overseas for our products.

We will also be focused on promoting the House position regarding federal forest management reforms. We anticipate that Senator Steve Daines (R-MT) will be appointed as a Senate conferee, and expect that he will be pushing hard to incorporate federal forest management language in any final House-Senate conference agreement.

Likewise, we will be advocating that the House position prevail regarding the Community Wood Energy Program. We believe that this program has potential to help our industry address the sawmill residuals issue by creating demand for this clean, carbon neutral biomass material.

Our Bottom Line: We have some interesting work ahead, and look forward to reporting on a positive outcome, later this fall.

Policy Priority	House Bill (H.R. 2)	Senate Bill (S. 3042)
Trade	Authorizes and fully funds both the Market Access and Foreign Market Development programs annually at \$200 and \$34.5 million respectively over the next 5 years. Both programs will operate under a new International Market Development Program with total funding of \$255 million. The \$255 million level is \$1.5 million more than that provided under the current Farm Bill for MAP, FMD, the Emerging Markets Program (EMP), and the Technical Assistance for Specialty Crops (TASC) Program. USDA will have the authority to decide where the extra, annual \$1.5 million is used.	Authorizes \$259,500,000 annually over the next 5 years for Priority Trade Promotion, Development, and Assistance. Under this framework, MAP is funded at no less than \$200 million annually, FMD at no less than \$34.5 million annually, EMP at no more than \$10 million annually, and TASC at no less than \$9 million annually. In addition, \$6 million of the total \$259,500,000 annually is authorized as a "Priority Trade Fund." USDA will have the authority to allocate money in this fund among the above four programs. <i>Bottom line:</i> S. 3042 provides \$4.5 million more annually in trade funding than H.R. 2.
Federal Forestry	Creates new "categorical exclusions" that will facilitate needed project work on federal lands, designed to: <ul style="list-style-type: none"> ▪ Expedite salvage operations in response to catastrophic events ▪ Meet forest plan goals for early successional forests ▪ Manage "hazard trees" ▪ Improve or restore National Forest System lands or reduce the risk of wildfire. ▪ Forest restoration ▪ Infrastructure-related forest management activities. ▪ Managing insect and disease infestation. 	No meaningful federal forestry provisions
Tall Wood Buildings	Includes only research portion of the Timber Innovation Act. H.R. 2 does not include Wood Innovation Grants or the Tall Wood Building Competition provisions.	Includes both the research and Wood Innovation Grants provisions in the Timber Act. Like H.R. 2, it does not include the Tall Wood Building Competition provision.
Biomass Incentives	Increases the monetary authorization for the Community Wood Energy Program 5 fold (from \$5 million to \$25 million) to fund grants for deploying wood heating systems that run on our mill residuals. In addition to funding wood heating installations, the bill would also provide grants to innovative wood products facilities-i.e., those manufacturing CLT or experimenting with lignin or biobased nano materials.	Simply reauthorizes CWEP at \$5 million annually.