

Hardwood Federation Update Election 2018 – Mixed Results

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The takeaway from Election 2018 is that the outcome for both parties was somewhat mixed. What that means to the Hardwood Federation (HF) is that in 2019, we will be working in a very different political environment. And we are gearing up for the action.

The Changes ...

Democrats claimed control of the House of Representatives by picking up 38 seats, an outcome that many political operatives had expected, but obviously not a given in this supercharged political environment and the current uncertainty of electoral polling. And as we go to press, several races remain undecided ...

In the Senate, the upper chamber remains under Republican control with at least 52 seats. Democratic incumbents, Senators Heidi Heitkamp (ND), Joe Donnelly (IN), and Claire McCaskill (MO) were defeated, but Democrats picked up the Republican-held open seat in Nevada and in Arizona.

With a split Congress, any legislation that passes will be done on a bi-partisan basis - there simply aren't enough votes from one party to move partisan bills through both chambers. This probably means that some of the issues that HF has focused on will not move dramatically forward. But it will be our job to make sure that steps are not taken to reverse course on our key priorities, including federal forest management reform, support for federal export promotion programs, science based regulations governing the forest products industry, and a tax structure that supports the small and medium sized businesses that comprise the majority of our industry.

By far, the biggest impact on our day to day work will be in the House, where **all** of the committee chairmanships will change at the beginning of the 116th Congress, 2019. Below is a snapshot of key committees and the new leaders.

- **House Agriculture Committee:** Rep. Collin Peterson (D-MN) will take over this panel next year. We know Mr. Peterson and his committee staff team well. They are well-versed in our policy priorities and have been helpful in advancing hardwood-supported provisions in Farm Bill negotiations this year.
- **House Energy & Commerce Committee:** Rep. Frank Pallone (D-NJ) takes over for Rep. Greg Walden (R-OR). Over the years, Mr. Pallone has not been supportive of some key issues of interest to the hardwood sector, including Boiler MACT relief legislation and measures related to biomass energy, and the carbon profile of biomass combustion.
- **House Natural Resources Committee:** Rep. Raul Grijalva (D-AZ) will take over for Rep. Rob Bishop (R-UT). Mr. Grijalva does not share Rep. Bishop's perspective on issues related to federal forest management and Endangered Species Act reform. Education efforts with him and his committee staff, on the benefits of forest management, will be critical. HF is well poised to frame this issue as a national one that affects Lake States and Eastern forests, and is not just a Western concern.
- **House Transportation & Infrastructure:** Rep. Peter DeFazio (D-OR) will chair this panel. Mr. DeFazio has entertained truck weight reform on our nation's interstate highways as potentially viable, and has vowed to make transportation infrastructure investment a

top priority in the next Congress. Mr. DeFazio has been a supporter of the hardwood industry in the past, particularly on federal forest management reform, and we have worked well with him and his team.

- **House Ways & Means Committee:** Rep. Richie Neal (D-MA) takes over for Rep. Kevin Brady (R-TX). Mr. Neal comes from a district heavily populated with anti-biomass advocates, and so education efforts will be made, with him and his staff, on the benefits and efficiencies of heating and powering our mills with biomass residuals. We can expect committee efforts to make changes to the Tax Cuts and Jobs Act, as well.

In the Senate, committee leadership will largely remain the same, with the exception of the Senate **Finance** and Senate **Foreign Relations Committees**. Both chairmen—Orrin Hatch (R-UT) and Bob Corker (R-TN) are retiring.

Regarding the Finance Committee, Senator Chuck Grassley is expected to give up his gavel on the Judiciary Committee and take the Finance Committee helm. But no decisions have been made yet. And if Sen. Nelson does not prevail in Florida, there is speculation that Sen. Maria Cantwell (D-WA) may move from her Ranking Member position on the Senate Energy and Natural Resources Committee to take Nelson's Ranking Member slot on the Senate Commerce Committee.

What happens during the balance of 2018?

The Lame Duck session of Congress will likely be brief. Regarding leadership elections:

Republicans have selected Rep. Kevin McCarthy (R-CA) as their leader in the House, with Rep. Steve Scalise (R-LA) as the Minority Whip. To date, Democrats have yet to take a leadership vote. It is expected that Rep. Nancy Pelosi (D-CA) will be elected Speaker, but opposition in the Democrat ranks continues to grow, and may prevent her from securing the requisite votes.

In the Senate, Majority Leader Mitch McConnell (R-KY) was reelected and Senator John Thune (R-SD) was elected Republican Whip, replacing term-limited Senator John Cornyn (R-TX). Thune's elevation into the Whip position will mean he relinquishes his post as Chairman of the Senate Commerce Committee. Sen. Roger Wicker (R-MS) is in line to succeed Thune at Commerce.

Other items on the table include a government funding measure. The federal government is funded through December 7, and so an extension into the New Year will be necessary. Also potentially on the docket is the annual tax extenders ritual, where a package of expired tax provisions—a few related to biomass energy—is considered.

The highest priority for the Hardwood Federation is the Farm Bill, and we are hopeful that House and Senate conferees can finish their work, and send a final conference report to the President for his signature. As you know, the fate of our trade promotion programs is tied up in Farm Bill negotiations. The provisions for FMD and MAP are favorable, but the bottom line is we need a Farm Bill to be signed this year. And we have been making the rounds with Farm Bill negotiators to forcefully make that point.

So, as we gear up for the New Year and the roster of new Members of Congress, the plan is to reach out to all of these new Members to make sure that they know the value our sector brings to communities around the country, and the economy as a whole.

All the best for an enjoyable Holiday Season!