

Hardwood Federation Update

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In a relatively surprising development late in May, the full House voted down the Agriculture and Nutrition Act of 2018 (H.R. 2), also known as the **Farm Bill**. While that development was a disappointment, there does seem to be a path forward.

House Leadership has announced that a second vote on the Farm Bill will most likely take place by June 22. In the Senate, we expect that a Farm Bill draft will be unveiled in early June, and that a markup will soon follow. The House bill, which lines up well with a number of our public policy priorities, will most likely be one that passes, and as considered on the House floor, covers the following areas in our space.

Market Access & Foreign Market Development Programs

H.R. 2 reauthorizes these two critical export promotion programs; combines them into a new "International Market Development Program," comprised of the Market Access Program (MAP), Foreign Market Development Program (FMD) and Emerging Markets Program; and authorizes funding at \$255 million a year. This "umbrella" approach will hopefully avoid future arbitrary budget control restrictions, and allow the programs - which support the work done by the American Hardwood Export Council (AHEC) - to operate at their fully authorized spending levels - MAP receiving the lion share at \$200 million, and FMD at \$34.5 million.

Federal Forest Management Reform

H.R. 2, building upon the federal forest management reform provisions forged earlier this year in the omnibus spending deal, provides new tools for the Forest Service to expedite forest management projects. Specifically, the bill authorizes a number of new categorical exclusions (CEs) from environmental reviews designed to:

- 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
- Further forest restoration
- Implement infrastructure-related forest management activities
- Manage insect and disease infestation

Timber Innovation Act

The legislation directs the USDA Secretary to conduct performance-driven research and development, education, and technical assistance for the purpose of facilitating use of innovative wood products (mass timber/tall wood buildings) in wood building construction in the United States.

Biomass

H.R. 2 includes an **Energy Title** which authorizes a number of programs to incentivize the use of forest-based biomass for energy and other applications.

- CWEP - Community Wood Energy Program – aims at accelerating deployment of wood heating systems that run on our mill residuals. (HF was successful in securing a fivefold increase in this program's authorization and significantly expanding its scope.)

- The USDA's BioPreferred program includes both a federal purchase preference for biobased products (including forest products), as well as a voluntary product labeling program.

In addition to funding wood heating installations, H.R. 2 would also provide grants to innovative wood products facilities—i.e., those manufacturing cross laminated timber or experimenting with lignin or nanotechnology.

(As a point of Information, one of the amendments that surfaced during House floor consideration would have completely eliminated the Energy Title. But your HF team - working collaboratively with our forestry and forest product association allies - was able recruit "no" votes, and the amendment ultimately failed by a vote of 340-75.)

As the language of the Senate bill is still somewhat unclear, we continue to work with our allies to include as much as possible in the Senate version. The weeks ahead will be busy ones for us.