



**November 2016**

### **Northeast Regional just the beginning**

Chalk up another event in the win-win column. Over 150 HMA members and industry suppliers were in attendance for HMA's recent Northeast Regional Meeting in Binghamton. Thank you for investing the time and for sharing your experience and industry wisdom. Your participation is what made the event so successful.

To our tour hosts - **Baillie Lumber Company, Greene Lumber Company, Wagner Lumber - Owego, Wagner – Nineveh, and Unalam Company** – special thanks. Seeing and experiencing hardwood technology in operation is what Regional Meetings are all about. Thank you for your cooperation and hospitality.

To meeting sponsor, **Taylor Machine Works, Inc.**, thank you for going the 'extra mile.' Your generous sponsorship helped make the wheels of the bus go round and round to the tour locations. And to Wednesday's dinner speaker, **Charles A. McNeil III**, of the Department of Labor, special thanks as well. Your information regarding the Federal Registered Apprenticeship Program was very helpful and much appreciated.

Now, if scheduling conflicts kept you from participating, no need to worry. The Regional in Binghamton was just the beginning. Next stop is Charleston and HMA's 2017 National Conference and Expo! It's right around the corner. You'll not want to miss it.

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### **"Building Bridges" in Charleston**

Let's get this show on the road! It's already November and HMA's 2017 National Conference and Expo, March 22-24 in Charleston, will be upon us before we know it. So before the holiday rush gets your head in a spin, why not take care of some important 2017 NatCon business!

- **Early Bird Registration** for HMA, SCMA and WCMA members kicks off **November 1<sup>st</sup>** at [www.HMAmembers.org](http://www.HMAmembers.org). Act now and experience a **\$50 savings** on the Conference Registration Fee. This "**Early Bird Special**" is for a limited time, only. Don't miss this opportunity to save.
- Because everyone loves Charleston, it's not too early to **secure your hotel accommodations at The Francis Marion Hotel**, 387 King Street. Reservations can be made by calling **1-877-756-2121** OR **1-843-722-0600**. Don't forget to mention the HMA National Conference & Expo to get the discounted room rate of **\$199**. (Online reservations coming soon to [www.HMAmembers.org](http://www.HMAmembers.org).)

And be sure to visit [www.HMAmembers.org](http://www.HMAmembers.org) for other National Conference and Expo details – event sponsorships, Conference schedule, and participating exhibitors. Should you have questions, please call the HMA office, 412.244.0440. We are here to help.

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## 2017 National Conference & Expo

Looking for a way to distinguish your company from the rest of the field? "Make your mark" by signing on as a **2017 NatCon Sponsor**. HMA will spotlight your company, and your extra support will assist the HMA in achieving its goal of providing quality learning sessions, stellar networking events and Conference amenities to all participants.

### It's a win-win for all involved!

- HMA will "spotlight" **you** - All printed Conference materials, HMA's monthly newsletter, *The Link*, as well as [www.HMAmembers.org](http://www.HMAmembers.org) will recognize your extra support.
- Member Services enhanced - Sponsorships help underwrite the high-level, knowledgeable presenters and the quality event(s) HMA members have come to expect.
- Establish your 'presence' - If you are unable to be with us in Charleston, being a sponsor will get you there in spirit. Your company name will be displayed throughout the event, establishing your 'presence' without stepping away from your desk.

### Here's how to get the ball rolling!

Take a look at the wide variety of available sponsorship opportunities and determine which option will work best for you. Then call the HMA office to get on board – **412.244.0440**. We look forward to hearing from you!

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## Sending a Powerful Message

Congratulations to **Noah Fredel**, a freshman in the Forest Science program, **University of Wisconsin-Madison College of Agricultural and Life Sciences**, and the 2016-2017 recipient of the **Robert B. Hendricks Memorial / Hardwood Manufacturers Association Scholarship**. In his thank you letter to the HMA, Noah said, "In addition to my Forest Science major, I'm also pursuing an entrepreneurship certificate and a general business certificate. I am very grateful for your generosity and hope to one day start my own forestry consulting business in the upper Lakes States region."

HMA also received a letter of gratitude from the College's Associate Dean for Academic Affairs, Sarah K.A. Pfatteicher, PhD. In her letter, Sarah said, "On behalf of the college, we would like to once again thank you for helping our students. Your scholarship support sends the very powerful message that others care about our students and their education. You are truly making a difference, and for that, we thank you!"

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## More than just talk

*By Linda Jovanovich*

*HMA Executive Vice President*

My PCP encourages me to periodically 'vent.' Great way to keep the blood pressure in normal ranges, he says. So here goes.

Not long ago, my husband Dan and I were taking a short jaunt on the interstate when traffic came to a halt due to construction. We didn't mind the delay. It gave us the opportunity to enjoy Pennsylvania's beautiful rolling hills and the forested areas that border the interstate. Gabriel, our two-year-old grandson, was in the car with us, and he too enjoyed the close-up look at the abundant hardwoods just outside his window.

"Look Babi," he said. "That big tree is falling down. What will happen to it now?" (Good question my beautiful boy!) I'm stepping onto my soapbox now.

If our little Gabriel, all of two years old, is asking sensible questions about conditions in our forests, how is it that forest management is such a conundrum for our scientists, environmentalists, politicians and the like? So frustrating!

Not long ago, *The Washington Post* ran an article entitled, "U.S. forests are so full of dead trees that some scientists want to burn them instead of coal." (It's about time, you say?) The first several paragraphs of the article discussed a study being done by a University of Wyoming professor and gave special attention to her "intriguing solution for what to do with all these dangerous dead trees — namely, burn them for energy." (What a novel idea, you say? Geez!)

The article also recounted the forestry problems in California and other western states, then droned on regarding the pros and cons of the professor's "intriguing" idea and the "raging debate over biomass energy." (Really? Is this the best that we can do?)

This insanity prompted me to get on the horn to my representatives in D.C. and strongly urge them to take action regarding **Federal Forest Management** reform, Biomass Carbon Neutrality, and other issues relevant to our industry. I encourage you to do the same.

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## Hardwood Federation Update - IRS Estate Tax Changes

*By Dana Lee Cole*

*Hardwood Federation Executive Director*

On August 2, the IRS proposed new rules that would profoundly affect how estates and gifts are valued for tax purposes. The trade associations in D.C. - including your team at the Hardwood Federation (HF) - have spent the past couple months digesting these proposed rules. The bottom line is that, if adopted in their current form, they could increase estate and gift taxes by 30 percent or more – a devastating proposal for succession plans and family owned businesses! (*To be clear, these rules affect family businesses only. Public companies or businesses owned by unrelated parties are unaffected.*)

How do the regulations increase tax rates?

- New rules largely eliminate "lack of control" and "lack of marketability" valuation discounts that are afforded under existing IRS rules.
- The underlying premise for these existing discounts is based on the fact that if one has a non-controlling ownership interest in an asset, that non-controlling interest is simply not as valuable compared to a controlling interest. It is just not worth as much. The same is true for marketability of the asset. If there is no willing buyer, the asset is not as valuable.

These two discounts knock 30 percent or more off the value of the gifted property. Under the proposed regulation, they would go away completely.

### **Family Attribution**

At the heart of the IRS proposal is the resurrecting of a concept that has been rejected by the courts repeatedly. The concept is known as Family Attribution which holds that all families act in concert—that everyone gets along and agrees—which we all know is folly.

The concept holds that any minority interest in a family controlled business, transferred to a family member, should be valued as a controlling interest—because everyone will agree on major issues like whether or not to liquidate the asset. Again, this has been routinely rejected by the courts.

Recently, two coalitions that HF is working with sent letters to the U.S. Treasury Department voicing extreme concern with the proposed changes.

- The **Family Business Coalition** letter, sent to Treasury Secretary Jack Lew – as well as Senate Finance Committee Chairman Orrin Hatch and Ranking Member Ron Wyden and House Ways and Means Committee Chairman Kevin Brady and Ranking Member Sander Levin – was co-signed by **119** organizations.
- The **Family Business Estate Tax Coalition** [letter](#), which called for the valuation regulations to be withdrawn, was co-signed by **3,847** businesses and organizations representing family-owned businesses, and was sent to the Treasury Department, as well as to a number of Capitol Hill offices. *(A number of our hardwood businesses and trade groups were on this letter, and we thank you for your efforts.)*

### Other action being taken

More than 40 Republican Senators - led by Sen. John Thune (R-SD) - have signed on to another letter to the Treasury Department, asking they withdraw the proposed valuation discounts. And during the month of September, Republicans in both the House and Senate have introduced bills to block the new rules and **defund** them, should they become effective.

- **H.R. 6042**, introduced by Jim Sensenbrenner (R-WI), simply states that regulations proposed for purposes of section 2704 of the Internal Revenue Code relating to restrictions on liquidation of an interest with respect to estate, gift, and generation-skipping transfer taxes, and any substantially similar regulations that may be promulgated, have no force or effect. *(It was referred to the House Ways & Means Committee.)*
- **H.R. 6100**, sponsored by Warren Davidson (R-OH), is similar to H.R. 6042 but adds that no federal funds may be used to finalize, implement, administer or enforce these regulations or any substantially similar regulations. *The bill, which was also referred to the House Ways & Means Committee, has 60 co-sponsors.)*
- In the Senate, Senator Marco Rubio (R-FL) has introduced companion legislation to H.R. 6100. Rubio's bill, **S. 3436**, was referred to the Senate Finance Committee.

### The Strategy

We expect additional Congressional letters to begin circulating in the House and Senate. And HF will be engaged in recruiting signatories to those letters in states and districts where we have a presence.

Additionally, **November 2** is the last day for **public comment**. HF encourages companies that desire to comment separately to do so. Send submissions electronically via the Federal eRulemaking portal at [www.regulations.gov](http://www.regulations.gov). *(Treasury is set to hold a public hearing on these proposed regulations, December 1, in the Auditorium, Internal Revenue Service Building, 1111 Constitution Avenue NW, Washington, DC 20224.)*

The **strategy** is that: if we can keep these regulations from being finalized until January 20, the final day of the Obama Administration, we effectively run out the clock on them!

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### **"Vehicle Loading & Unloading" advice from PLM/ILM**

A safety brochure entitled, "**Vehicle Loading & Unloading – Protecting your Business**," is available for download from the Loss Control experts at Pennsylvania Lumbermens Mutual Insurance Company/Indiana Lumbermens Mutual Insurance Company (PLM/ILM). The brochure includes Guidelines for both Truck Drivers and Forklift Operators, a sample Loading/Unloading Checklist, and a lot of good advice to ensure that you are "thorough in safeguarding your business against loading/unloading hazards." Safety tips include:

- Establish a loading/unloading area “clear of other traffic – vehicles or foot. Pedestrians, the truck driver, or other employees not involved in the loading/unloading process should be clear of the area.
- When unloading, the truck driver should proceed to the designated area and remove tarps, straps or other load securement devices. Secure this material so it is not an obstruction to the forklift operator during the unloading process.
- Operating a forklift should be limited to individuals who are trained and qualified to do so, including general forklift safety topics and equipment specific training. Initial training should be completed prior to authorization of the driver to operate the forklift. Refresher training should be completed every three years and following any forklift-related accident, property damage or near-miss incident.”

**Bottom line:** “While loading/unloading of material is an everyday activity at most operations, safety cannot be taken for granted. It is management’s responsibility to ensure that proper training and safe loading/unloading procedures are in place and enforced.”

*PLM/ILM is a property and casualty insurance provider to the lumber, woodworking and building material industries. For further information, contact the Loss Control Services Department at 800.752.1895.*

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## **Cypress in the spotlight and on display**

As the voice of the cypress industry, the Southern Cypress Manufacturers Association (SCMA) is leading the charge of promoting this beautiful, durable, and versatile species. As we wind down 2016 and look to the coming year, we wanted to share a brief update on some of our promotional efforts.

### **In the News**

Never discount the power of the written word. SCMA’s most recent feature article, “**Cypress: The Natural Choice for Siding,**” which addresses how to properly prepare cypress siding for finishing, and discusses different finishing systems, including paints and stains, has generated nearly 1200 print and online placements. With that degree of pick-up, the readership potential is 162+ million. And that’s significant! And there’s more to come. Before year end, anticipate yet another feature article extolling cypress and its many benefits outdoors and in.

### **Lights-Camera-Action**

Everyone is familiar with the saying, “If it ain’t broke, don’t fix it.” And so once again, SCMA is partnering with renowned TV personality Vicki Payne and her popular DIY home-improvement show, *For Your Home*. In this Charlotte, North Carolina project, Payne designs and builds a home from the ground up. And the spotlight is on cypress, prominently featuring the versatile material as exterior siding, soffit, and trellises, as well as interior ceilings, beams, and decorative elements. Please check your local listings. The *For Your Home* episodes will air on PBS stations across the country, or on-demand at [www.ForYourHome.com](http://www.ForYourHome.com).

### **In the Spotlight and on Display**

SCMA also is working with NextGen Home TV (NGHTV) and host Ty Pennington on the second season of the *First to The Future Home* series. The online video series demonstrates how to design and build a truly next generation home with natural materials and energy-efficient features. The new project, being built in Palm Coast, Florida, is a cypress showcase. Ty and the design team are incorporating cypress as siding, soffit, and interior ceilings.

But that’s not all! The SCMA and NGHTV are also partnering on a cypress-clad modular home that will be on display at the International Builders Show, January 10-12, 2017, in



Orlando. If you plan to be in attendance, be sure to check it out because, at the conclusion of the Expo, the modular home will be donated to a disabled veteran. (To follow the progress of both projects, simply visit [www.NGHTV.com](http://www.NGHTV.com).)

Learn more at [www.CypressInfo.org](http://www.CypressInfo.org)

The SCMA is proud to promote cypress as one of the United States' greatest renewable resources. And if your company is engaged in the manufacture, processing, or distribution of cypress building products or veneers, it's time for a closer look at the work that we do. Visit us at [CypressInfo.org](http://CypressInfo.org).

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## PPG's color of the year for 2017

Savvy marketers know that “**color** can be used to influence consumers’ emotions and perceptions of goods and services.” Warm colors – combinations of orange, red, yellow – connote sunlight and heat. Cool colors – shades of green, blue, violet – soothe and bring a sense of calm. It’s all very interesting – and PPG The Voice of Color® has it down to a science.

- “PPG employs more than 20 color stylists around the world, each specializing in different markets, who collaborate to determine styles and color trends for the home, electronics and automobiles. PPG's unique position as a color leader in multiple markets allows it to observe and translate emerging global color trends for its customers' applications—from consumer goods to automotive color, from residential to commercial to industrial design.
- Part of the process of choosing the **Color of the Year** involves identifying the current and future direction of colors and influencing factors across PPG brands. This year, we see a search for middle ground, the in-between of young and old, masculine and feminine, and work and play.
- The result is a blended color. **Violet Verbena** is a mix of gray, violet and a little blue - perfect as a colorful neutral for nearly any space in or outside the home.”

PPG goes on to describe **Violet Verbena** as “a grounding violet nuanced with a shade of gray, so versatile, pairing well with white, black and all woodtones.” To learn more, visit [www.ppgvoiceofcolor.com](http://www.ppgvoiceofcolor.com).

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## What you should know for a Healthier you

Working hard at staying healthy, feeling great and hoping to keep it that way? Tune in for a few moments then, for this quick read on what the health experts are suggesting.

### A healthy Immune System

World-renowned Neurosurgeon and Sports Medicine Expert, Joseph C. Maroon, M.D. says, “A strong immune system is critical to health management. And there is strong scientific evidence showing that antioxidants and other natural therapies can play an important role in maintaining and enhancing immune function.

- **Probiotics** – The GI (gastrointestinal) tract helps to regulate what passes into the blood stream. Probiotics help promote healthy digestion, support natural resistance and replenish beneficial, healthy bacteria that may be depleted as a result of poor diet, taking certain antibiotics, food poisoning, traveler’s diarrhea or poor overall digestive health.
- **Zinc** – is an essential mineral that regulates the production of immune cells and supports natural resistance. Sources of zinc include red meat, poultry, beans, nuts, whole grains and supplements.”
- **Multivitamins** – are a great way to provide nutrients (vitamins, minerals and antioxidants) that are essential for a healthy lifestyle and to maintain good health.

**Cholesterol facts via [www.upmcmymyhealthmatters.com](http://www.upmcmymyhealthmatters.com)**

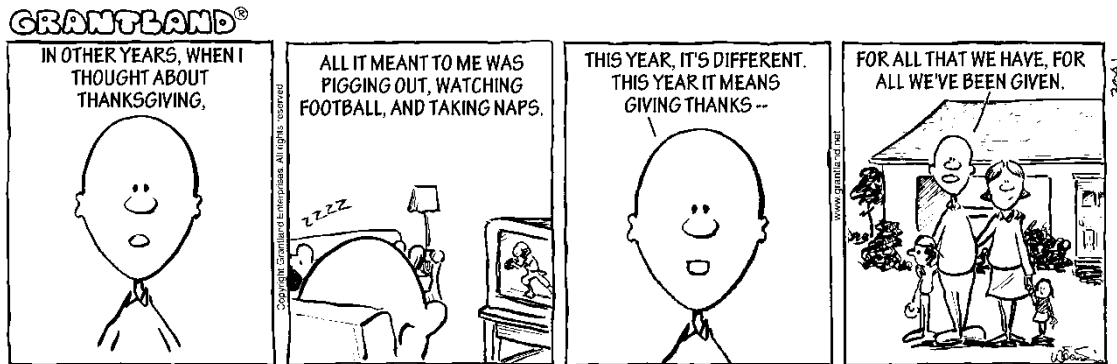
“Cholesterol is a waxy substance found in body cells and carried in our blood. It’s made mainly in the liver, but all cells can make it. Our bodies need it for cell structure, to produce bile, which breaks down fats, and it plays a role in male and female hormones. Lifestyle habits such as nutrition and physical activity can influence cholesterol. Complications due to high cholesterol include heart attack, peripheral artery disease, hardening of the arteries and even a stroke.” In addition to having your cholesterol checked regularly:

- Stay active. Physical activity helps the body maintain healthy cholesterol levels. Strive for 30+ minutes of moderate activity on most days of the week.
- Limit foods high in saturated fats, such as red meats, bacon, butter and ice cream. Completely avoid trans-fats.
- Eat high fiber fruit and vegetables and whole grains. Fiber found in whole grains can actually adhere to cholesterol and help your body get rid of it!

**Blood Pressure tips courtesy of [www.aarp.com](http://www.aarp.com)**

“There is still controversy about optimal levels, the best treatments and even how to measure blood pressure. There’s no debate, however, that high blood pressure can lead to heart attacks, stroke, vision problems, even dementia.” Did you know that:

- Dangerously high blood often has no symptoms.
- The optimum blood pressure target is different for different people.
- The top number is the one to watch when you’re over 50.
- Over-the-counter medicines may be raising your blood pressure.



HMA Link is published each month exclusively for members of the Hardwood Manufacturers Association. Views expressed are not necessarily those of the HMA. HMA Link welcomes comments and questions.

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