



December 2016

Warmest wishes of the Season ...



May the coming New Year be filled with good Health and much Happiness!

A message from HMA's President

By Richard Wilkerson

By the time you read this, Thanksgiving will be in the rearview mirror, along with the majority of 2016. Where has the time gone? Year end results are all but determined. And many of us are preparing 2017 budgets and making holiday and much needed "family time" plans. It truly seems like just yesterday, we were in Fort Worth for HMA's 2016 National Conference and Expo.

For HMA, 2016 has been a whirlwind - busy, exciting and rewarding! It all began with the Executive Committee Meeting in Florida. And by the time the October, Northeast Regional and HMA Board Meetings wrapped up in Binghamton, New York, HMA had also conducted events in Texas, Massachusetts, Kentucky, and Indiana, not to mention participating in two Hardwood Federation Fly-In events in Washington, D.C.!

Also, when you see HMA Vice President Bob Miller, be sure to ask him about the 10 hour, *Family Vacation*-type road trip he and I made with HMA's Executive Vice President, Linda Jovanovich. (We've promised Linda we'll not make that an annual event.) Linda has been on the road for HMA, too. Like I said, busy!

I'm pleased that enthusiasm for HMA activities and programs has been over the top. (Nowhere was that more apparent than at the October Northeast Regional Meeting in Binghamton.) I believe this engagement is due in large part to the quality events and benefits offered by the HMA and the Association's never ending quest to improve.

- Vendor support has increased and communication has improved, enabling our membership to make more informed decisions before applying scarce capital resources, based on individual operational needs.
- Member benefits have been enhanced by Resource Purchasing Power programs with **PartnerShip®**, **Schooley Mitchell**, and **OneDigital**. (With the help of OneDigital, a number of HMA members have initiated alternative healthcare contracts that will provide substantial cost savings in non-operating functions.)
- To explore these cost saving opportunities, please contact the HMA office – 412.244.0440.

As we look ahead, the New Year will bring a new administration to Washington, D.C. - new ideas, initiatives and hopefully improved business and market opportunities. Know that the state of your HMA is strong. We have much to be thankful for.

On a personal note, as I near completion of my first year as HMA's president, I'd like to thank **you** for the support, encouragement and well wishes you've provided along the way. I've truly been blessed to be guided by the great group of men and women of HMA's Board of Directors and Executive Committee.

As always, please contact me, your Board, or Linda at HMA Pittsburgh and tell us how we can continue to make your membership more meaningful for you. Happy Holidays and **All The Best** in 2017!

I Am Grateful,

Richard

DOL Overtime Rule Blocked Delaying Effective Date

On November 22, the Hardwood Federation forwarded the following update regarding the **Fair Labor Standards Act** (FLSA).

"Today, U.S District Judge Amos Mazzant of the Eastern District of Texas **blocked** the Department of Labor rule on overtime pay that made more than 4 million private-sector workers eligible for mandatory extra pay or time off. The imposed injunction was made at the request of 21 states, the U.S. Chamber of Commerce and other business groups.

The judge said the Labor Department regulation exceeded the authority granted it by Congress, which he said gave Labor the right to define which workers are considered salaried, but only based on the duties they performed, not by how much they made. (The Labor Department regulation raised the salary threshold for receiving mandatory overtime from \$23,660 to \$47,476 a year, or from \$455 to \$913 a week.)"

HMA will forward updates, should more details become available.

Member website gets a 'facelift'

If it's been awhile since your last visit to www.HMAmembers.org, please log on and browse. Recently 'refreshed,' more **mobile-friendly** and bursting with information, the site is HMA's way of communicating with our members and all hardwood industry stakeholders.

- We suggest that your first click be the '**Meeting**' tab. That's where you'll find the most up-to-the-minute information on HMA's 2017 National Conference and Expo – Registration, Hotel, Program Schedule, Exhibitors, and more.
- Click number two should be "**Why HMA-Re\$ource Purchasing Programs**," for a review of three cost-saving, business management programs designed to streamline daily operations and increase profitability.
- And if time will afford only one click more, make it the "**Member Log-In**" tab. There you'll gain access to the **members only** 'secure' section of the site in order to download the HMA member logo, browse the **Equipment Center**, even view PowerPoint presentations from the most recent National Conference and Expo.

The on-going goal is to keep our members and industry friends informed. The mobile-friendly www.HMAmembers.org is 'the' vehicle to do just that. Be sure to check it out!

Here's how you can help!

Applications are being taken for the **Susan M. Regan Memorial Scholarship**, and you can be part of the process by referring a worthy student who is interested in a career in the forest products industry. Here's what you need to know.

A little history

Several years ago, the Hardwood Manufacturers Association established **two** annual scholarships - *in memory of former HMA Executive Vice President, **Susan M. Regan*** - to provide financial assistance to qualified students enrolled in an accredited forestry and/or wood products program.

- One scholarship will be awarded to an incoming junior or senior enrolled in a four-year institution. Applicants must be enrolled in an accredited Forestry/Wood Products program for the full school year, and not graduating mid-term.
- One scholarship will be awarded to an incoming second-year student enrolled in a two-year institution. Applicants must be enrolled in an accredited Forestry/Wood Products program for the full school year, and not graduating mid-term.
- Each award is in the amount of \$1000.

Here's where you come in

Applicants must provide one reference from an HMA member company representative or industry supplier. And HMA must receive completed applications by **January 14, 2017**. So get cracking. The clock is ticking.

Please visit www.HMAmembers.org to learn more about the scholarship eligibility requirements and to download an application.

Be an 'Early Bird' and Save

What are you waiting for? **Early Bird Registration** for the 2017 National Conference and Expo is up and running at www.HMAmembers.org and this is your opportunity to save. HMA, SCMA and WCMA members registering today will experience a **\$50 savings** on their Conference Registration Fee. So don't delay. Act now and reap the benefits of this "**Early Bird Special**." March in Charleston is just around the corner.

Taking the Mic in Charleston

The agenda for HMA's **2017 National Conference and Expo**, March 22-24 at the Francis Marion Hotel in Charleston is taking shape. Because last year's Conference format was so well received, the workings of NatCon 2017 will be similar. There will, however, be a few

changes that we feel attendees, especially our loyal and ever-supportive industry suppliers will find interesting.

- Election of Officers, member recognitions and all other Association “**business**” items will be addressed at the Kick Off of the Conference.
- Wednesday’s lunch will again be a working one. Everyone is invited to mix, mingle and enjoy more face time with the industry’s best suppliers at the **Vendor-Expo Café**.
- The layout of the Francis Marion has resulted in a different and diverse **Expo space**. That means fresh opportunities and additional suppliers.

Taking the Microphone

John B. Jung, Senior Managing Director and Head of BB&T Capital Markets, will be on the dais to present a “Global Economic Outlook.” Benefits expert **Michelle Reynolds**, OneDigital, will lead a panel of healthcare experts. Hardwood Federation Executive Director, **Dana Lee Cole**, will provide a glimpse of what is happening in Washington, and on hand to address domestic and global hardwood market trends will be industry analyst **Judd Johnson** of the *Hardwood Market Report*. And that’s just for starters!

More to Come

Details about these and other business sessions will be forthcoming. So stay tuned! In the interim, please visit www.HMAmembers.org for Conference registration, hotel information, event sponsorship opportunities, participating exhibitors, and the complete Conference agenda.

Thank you for your support and confidence

If it seems as if you’ve heard this all before, it’s because you have. We’re referring to the quick and great response we’ve received regarding 2017 National Conference & Expo Sponsorships. To date, here are the companies going ‘above & beyond.’



At the **Exhibitor Event Sponsor** level, for the sixth consecutive year, is the Pennsylvania Lumbermen's Mutual Insurance Company, Philadelphia, Pennsylvania! In Charleston, they’ll be manning Booth #10. Stop by and be sure to thank them for supporting the HMA to the max. (www.plmilm.com)



Also at the **Exhibitor Event Sponsor** level, and once again supporting the HMA to the max, is industry supplier and HMA friend USNR, Woodland, Washington! Make every effort to visit them at Booth #13 **and** Booth #14 to discuss USNR’s optimization solutions. (www.usnr.com)



At the **Platinum Sponsor** level is Anderson-Tully Company, Vicksburg, Mississippi! They will again be advertising in the National Conference Events Guide, so be sure to look for their latest information on the Events Guide inside front cover. Thank you ATCO for your ongoing support. (www.andersontully.com)



Stepping to the plate as a **Platinum Sponsor** is Baillie Lumber Company, Hamburg, New York! Baillie has chosen to be our Room KeyCard sponsor. Their company name/logo will be “opening doors” for every Conference participant. Thank you for all you do in support of HMA’s education/promotion efforts. (www.baillie.com)



At the **Platinum Sponsor** level is HMA member Fred Netterville Lumber Company, Woodville, Mississippi! The lanyards that will adorn the necks of all who participate at HMA's 2017 meetings will be touting Netterville Lumber Company. Our thanks go out to Charlie, Matthew, Seth and everyone at Netterville. (www.NettervilleLumber.com)



Also at the **Platinum Sponsor** level is industry supplier and longtime HMA event participant, Taylor Machine Works, Inc., Louisville, Mississippi! In Charleston, the Taylor company logo will be adorning the exterior of the Key Cards folders. Be sure to thank them for once again 'stepping up to the plate' with their support. (www.taylorbigred.com)



At the **Silver Sponsor** level is Fly Tie & Lumber, LLC, Grenada, Mississippi! The Beverage Bar refreshments, available to all Conference participants, will be compliments of Ricky, Dotty and Jessica Fly. Look for them and give them a special nod for keeping us all properly hydrated. (www.flytimber.com)



Thank you to **Silver Sponsor** High Country Lumber & Mulch, LLC, North Wilkesboro, North Carolina! Scott Greene and the fine people at High Country will be sponsoring one of the Food Stations at the Vendor-Expo Café. Good eats are on the way. Thank you. (www.northstatehardwood.com)



At the **Bronze Sponsor** level of support is Haessly Hardwood Lumber Company, Marietta, Ohio! Thanks goes out to Jack Haessly and company for their interest in sponsoring one of Wednesday's Learning Sessions. Looking forward to spending time with you in Charleston. (740.373.6681)



At the **Bronze Sponsor** level is T&S Hardwoods, Inc., Milledgeville, Georgia! Larry, Trisha and Nathan Thompson have opted to sponsor one of Wednesday's Learning Sessions, and were kind enough to allow HMA to make the selection for them. Thank you for your confidence, friends! (www.tshardwoods.com)

A variety of sponsorship levels are available. Call today - 412.244.0440 - to discuss adding your name to this impressive list of supporters.

Hardwood Federation Update What Happened and What's Next?

*By Dana Lee Cole
Hardwood Federation Executive Director*

Elections are an important reminder as to why organizations like the Hardwood Federation (HF) exist. Having consistent representation in Washington D.C., working on behalf of your interests, is vital because elected officials, administrations and political appointees come and go.

The most important message to take away from the 2016 election is that a significant portion of the nation wants change, looking for transformation through non-traditional means. When the dust settles, we as an industry - and as a country - must look for ways to be positive forces that will enact the change so many want to see. HF intends to be one of those positive forces.

Below you will find our analysis of what the election means for us, plus an overview of our focus for the remainder of this Congressional session and the 115th Congress seated in January 2017.

What happened?

If there is a short version to the election, it's this. The Republican Party shocked professional pollsters and pundits by taking the White House and maintaining control of both the House and Senate.

- The presidential election turned when the so called "Blue Wall" states of Pennsylvania, Michigan, and Wisconsin, which have consistently voted for Democrats, were won by Mr. Trump. Ohio also voted for the Republican candidate. And these wins, along with victories in Florida and North Carolina provided the pathway for Trump to surpass the 270 Electoral College votes needed to become president.
- In the Senate, Republicans also pulled off an upset. Leading up to the election, polling suggested that Democrats were poised to pick-up between four and six Senate seats and reclaim control of the upper chamber. That did not occur.
- In the House, Democrats gained only seven seats - polling had suggested that the party would secure double digit gains in the lower chamber. Republicans now have a 235-191 hold on the House leading into the 115th Congress.

Looking ahead, 2017 will kick off with a new Congress **and** a new President, of the same party. However, keep in mind that while Republicans control the Senate, the party's margin remains slim. Typically, 60 votes are needed to move legislation in the upper chamber, which will require Democratic support to reach that threshold. Of course there are parliamentary ways around this, but historically the 60 vote requirement has been honored.

How Did Our Hardwood Federation PAC (HFPA) supported Candidates Do?

Many of our advocates will be returning to Washington in 2017. Yes, HF is pleased that almost all those that support the Hardwood industry were successful in their bids for office. We must however, continue to communicate and educate them to ensure future support. And we must and will work hard with new members to develop the same positive relationships we enjoy with current members, on both sides of the aisle.

What to Expect in the Lame Duck

As Members finish out the 114th Congress, enacting a measure to keep the government funded into 2017 will be a key focus. (Recall that the current funding measure runs out December 9, 2016.) We expect that an omnibus spending bill will be fashioned in the weeks leading up to Christmas. That means there remains opportunity for us to enact a number of our policy priorities as part of this bill, including federal forest management reform legislation and provisions codifying the concept of biomass carbon neutrality. These two issues may also see action as part of the energy bill conference committee negotiations. The situation is very fluid and could change dramatically before the end of the year.

What to Look for in 2017

Exactly what policy priorities a Trump Administration will pursue is probably going to be the biggest topic of holiday cocktail parties in Washington D.C. Much will depend on who is appointed to head up federal departments and agencies, and who Mr. Trump surrounds himself with inside the White House.

Exit polls indicated that **'the economy'** was the driving force for voters. If the new administration listens, expect tax and regulatory reform to be big issues in 2017, as well as trade and immigration, which Mr. Trump ran on during his candidacy. This is a big unknown and again will most likely depend on appointed Cabinet members and Administration officials. HF's task will be to identify issues that benefit the Hardwood industry early, and communicate them often to incoming policy makers.

Our Bottom Line: There is still much to do in 2016. And we anticipate that 2017 will be a year of both challenges and opportunities. HF is up to the task as we remain dedicated to pushing federal policies that help sustain and grow the Hardwood industry in the United States.

Tax Preparation – Business & Personal

By Paul Impellicceiri

A.F. McGervey & Co., LLC

Year-end tax planning is often a 'coordination' between current year tax law and future tax rates. (At the end of 2015 for example, Congress extended certain tax provisions and made others permanent.) Adding another level of uncertainty for 2016 tax preparation however, is the election of Donald Trump. Some of the changes proposed during the recent election campaign may give taxpayers reason to re-evaluate.

Business provisions that were made permanent or extended into 2016 include:

- 50% bonus depreciation was extended through 2016 and 2017, and steps down to 40% in 2018 and 30% in 2019 before expiring.
- Section 179 expensing has been made permanent with an expensing limit of \$500,000 with an overall investment limit of \$2.01 million for 2016. The overall investment limit will be indexed for inflation in future years.
- The provisions of the Affordable Care Act (ACA) continue to be implemented and will impact more businesses in 2016. Most of the provisions will now affect those businesses with 50 or more employees. There are reporting requirements for affected companies and some potential credits available for smaller companies to help offset the costs.
- The tangible property and repair regulations continue to be implemented and updated. The de minimis safe harbor amount has been increased from \$500 to \$2,500 in 2016 for taxpayers without an applicable financial statement. This change allows some business owners to expense more purchases, versus being required to capitalize them.

Individual provisions that were made permanent or extended include:

- The ability to make a charitable contribution directly from an IRA and exclude the distribution from income.
- The state and local sales tax deduction, particularly important for taxpayers in states with no income tax, was made permanent.
- The American Opportunity Tax Credit, available in conjunction with the payment of qualified tuition and related expenses, has been made permanent.
- The Teacher's classroom expense deduction of up to \$250 has also been made permanent.

Along the campaign trail, President-elect Trump made a number of proposals as part of his tax plan. These include compressing the number of tax brackets, reducing the individual and business tax rates, limiting some deductions, and repealing all or most of the provisions of the Affordable Care Act. These changes could potentially have a significant impact on taxpayers in 2017. In particular, if the 3.8 net investment tax, as part of the ACA, were to be repealed, waiting until 2017 to recognize gains within an investment portfolio or on the sale of a business may make sense.

Bottom Line: Business owners and taxpayers who have some control over their income may want to defer income until 2017 and the potential for more favorable rates.

Paul Impellicceiri is a partner at Pittsburgh-based accounting/auditing firm, A. F. McGervey & Company, LLC and can be reached for comment at (412) 653-6101 or impell@afmcgervey.com.

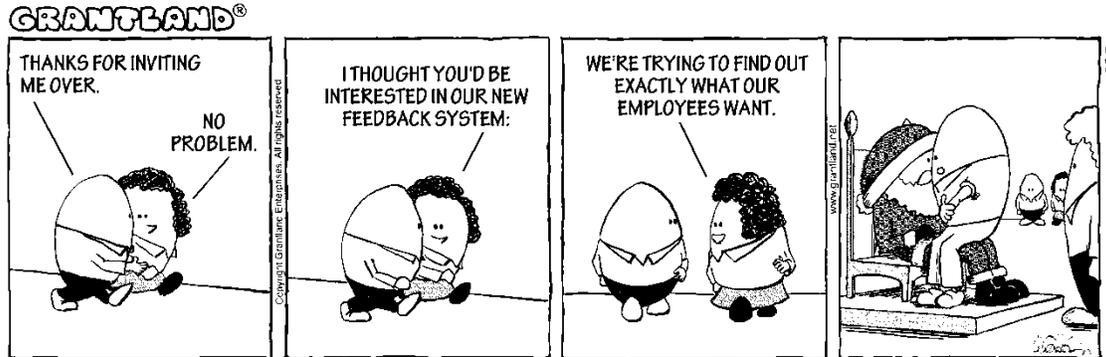
The Business of Promoting American Hardwoods

While many of us are knee-deep in holiday preparations, some folks are already thinking spring and gathering info on ways to add curb appeal to their homes. How do we know? By the continuing interest in the Hardwood Information Center's news release entitled, "**5 Residential Design Trends in Hardwood.**" Here's how we began our hardwood message.

"Hardwood may be one of the oldest building materials known to man, yet architects, designers, and homeowners are always finding fresh ways to use it in the modern home. What's the appeal? Flexibility and variety, for starters!"

The release went on to describe several different hardwood applications, plus design ideas and color trends. Our preferred, content-based marketer, Brandpoint, put the release "on the wire" for us. Editors and consumers across the country loved the information. And the release's pick-up has been phenomenal. To date, the release's **desktop** audience has numbered 76.4 million. And if you find that number impressive, how about a **mobile** audience of 84.6 million! That's a potential readership of 161 million!

We encourage you to visit the American Hardwood Information Center, www.HardwoodInfo.com, for a quick read of the entire release. Then pass the info on to family, friends, colleagues, and your local Big Box store.



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