



December 2019

More than just talk

By Linda Jovanovich

HMA Executive Vice President

It's been a challenging year! And I'm not the least bit unhappy that it's coming to a close. As a matter of fact, my sights are already set on 2020. And I've a task for you that I hope will find its way to the top of your 2020 "to-do" list.

Play a more active role in telling the unique facts about American Hardwoods. Yes, to be most effective, the telling of our story has to be an industry-wide effort. Yet in support of that, each of us has a part to play in setting the record straight.

To get you started, take a long look at the following four action items. They aren't original to me, but rather from a piece written by James A. (Jim) Hieb, CAE, CEO, Natural Stone Institute. I've simply 'tweaked' them, replacing references to natural stone with American Hardwood content. - Seems Hieb's Association is also challenged by mis-information being spewed by aggressive competitors.

- Use the resources at www.HardwoodInfo.com to educate your industry partners and customers about sustainably harvested and environmentally friendly American Hardwoods **and** the performance and aesthetic value of the products made from our naturally gorgeous and long lasting material.
- Educate your employees on how to explain the differences between all natural, American Hardwood products and man-made imitators of hardwood.
- Encourage your network to follow American Hardwoods on social media.
 - Facebook @AmericanHardwoods
 - Twitter @AmericanHardwds
 - Instagram @american_hardwds
- Join the conversation by using #americanhardwoods, #climatepositive, #choosehardwood, #realwoodreallife

The goal is to inform – educate – inspire. Together, we can do it!

Hendricks Scholarship recipient announced

Congratulations to University of Wisconsin-Madison College of Agricultural and Life Sciences student **Travis Schmitt**, recipient of the 2019-2020 **Robert B. Hendricks Memorial / Hardwood Manufacturers Association Scholarship**.

In a 'thank you' letter to the HMA, **Travis** said, "In addition to my Forest Science major, I am also pursuing an entrepreneurship certificate. This education improves my ability to uphold sustainability and principled management. I hope that my schooling will put me in a position to enjoy and protect nature into the future. Without your help, financing school would be nearly impossible. I cannot express my gratitude enough for the assistance."

Karen Wassarman, the College's Associate Dean for Academic Affairs, also sent a letter of gratitude and said, "Thank you for helping our students. Your scholarship support sends a powerful message. You are truly making a difference in the lives of students, and for that, we thank you!"

More of the Nashville NatCon Agenda

Wondering what other presentations and business sessions are 'on tap' for HMA's upcoming **National Conference and Expo**? So glad that you asked! Here's a brief of what to expect. Take a look, please.

In addition to a session entitled, "**Lost in Translation**," - a panel discussion on Benchmarking, led by consultant Roy Anderson, Vice President of The Beck Group, and comprised of several HMA members discussing how those metrics have benefited their operations - and "**An Economic Outlook**" by Scott Schuh, Ph.D., associate professor of Economics, John Chambers College of Business and Economics, West Virginia University, the agenda includes presentations on:

- "**Market Trend SoundBytes**" - as Emily Morrow Finkell, owner and CEO of Emily Morrow Home, Judd Johnson, Editor, *Hardwood Market Report*, and a representative from the American Hardwood Export Council, present the latest on Design Trends, American Hardwood industrial markets, and American Hardwoods on the global stage, respectively.
- "**Advocacy and Representation**" - a brief update from Dana Lee Cole, Hardwood Federation Executive Director and industry advocate in Washington, and from Neil Owens, Business Development Consultant Forestry, Department of Agriculture, Tennessee, a presentation entitled, "Investing in Growth of Tennessee Wood Products."
- "**Best Business Practices SoundBytes**" - short clips of information on OSHA's most common citations, Employee Stock Ownership Plans (ESOPs), and how to simplify the Healthcare journey - presented by Wendylee Fisher, Assistant Commissioner, Tennessee OSHA, Robert D. Case, CLU, TJT Consulting, and health insurance consulting group, Caravus.

Other Conference details - Early Bird Meeting registration, hotel accommodation information (do not wait, please), a listing of participating exhibitors, available event sponsorships, and the complete Conference agenda - can be found at www.HMAmembers.org. Make plans to participate and see you in Nashville!

Looking for that 'competitive' edge?

Here's the ticket. Sign on as a 2020 National Conference Sponsor. It's an effective and easy way to gain greater company recognition. First off, we'll add you to this growing list of forward-thinking industry associates, and then we'll '**spotlight**' you at HMA's big event and throughout 2020. But first things, first.

Thank you to these '**new**' Conference Sponsors:



At the **Platinum Sponsor** level is HMA member Stella-Jones Corporation, Pittsburgh, Pennsylvania! Not only will they be providing the “Welcome” amenities that all Conference attendees will be enjoying, but you will also find them manning Booth#18 and Booth#19 at the Expo. Thank you for this show of support. (www.stella-jones.com)



Thank you to **Platinum Sponsor** UPG/Unified Purchasing Group, South Jordan, Utah! In addition to participating as a Strolling Supplier, UPG is ensuring the efficiency of our mobile devices by sponsoring the Mobile Device charging station. **And there’s more!** UPG has also signed on as a **Gold Sponsor** and has again opted to be a Vendor-Expo Café lunch sponsor. Be sure to find them in Nashville and give them a hearty HMA ‘thank you’ for going ‘above and beyond!’ (www.upg.org)

To add your company name and logo to this impressive list, call the HMA office, 412.244.0440, to discuss available opportunities.

Vendor opportunities for '20 NatCon Expo

All Expo booth space at HMA’s 2020 National Conference and Expo has been reserved. But no worries! The “**Strolling Supplier Package**,” which gives you the opportunity to attend all meeting events + interact with key decision makers, is yours for the taking. Act today!

And remember, you can also spotlight your company and gain even greater company recognition by signing on as a Conference Sponsor. Your extra effort will be recognized at the event, in print, online, and throughout the year in the Sponsorship Corner of www.HMAmembers.org.

Make it all happen by calling 412.244.0440. And then, for all of the National Conference details – schedule of events, hotel information, exhibitors and strollers, etc. – visit the HMA member website at www.HMAmembers.org. March 25-27 will be here before we know it. Looking forward to seeing you in Nashville!

Hardwood Federation Update

By Dana Lee Cole

Hardwood Federation Executive Director

While the trade war with China has consumed much of Hardwood Federation’s attention this year, we are following and engaging other pressing public policy issues. Federal forest management reform is one of these. And it has policymakers working toward solutions.

Earlier this year, Senators Steve Daines (R-MT) and Dianne Feinstein (D-CA) announced joint efforts on federal forest management reform legislation:

“We’re working together to develop bipartisan legislation to improve management and speed up restoration of forest landscapes, create viable solutions for the removal of woody biomass and dead and dying trees, accelerate post-fire restoration and reforestation, and expedite targeted treatments of dangerously dense forested areas where wildfires are most likely to start.”

Also under development—by our forester friend in the House, Congressman Bruce Westerman (R-AR-4) —is a bill that has more of a climate change/greenhouse gas reduction angle to it. We understand it will focus on three key areas:

Using more wood – The bill would accelerate more wood demand and creative uses of wood in buildings, paper production, energy, and chemical feedstocks, among other areas. The measure would include a sustainable building tax credit that allows residential and commercial builders to receive tax credits for building and renovating buildings that a) are innovative and use environmentally friendly building materials such as wood; b) are more energy efficient to operate and maintain; and c) store more carbon over time.

Growing more wood – The measure will promote making federal forests more resilient and productive so that they are maximizing the total amount of wood on our forest lands by thinning, and other management practices, to promote larger trees and more total wood per acre over time. According to Rep. Westerman, the idea is to manage forests in a manner which does not allow their canopies to close, which may make them less prone to catastrophic fires and provide much better wildlife habitat. Westerman believes forests managed in this way will also have many other ancillary benefits, such as water conservation, increased outdoor recreation and economic development in rural areas.

Increased tree planting – The proposal will seek to convert more marginal farmland and wetlands back to forest land through changes in existing conservation programs. This will be paired with incentives for planting more trees in urban areas and promoting afforestation through existing foreign aid incentive programs.

And finally, the bill would modernize the federal **Renewable Fuel Standard** (RFS) to allow forest-based biomass to qualify for this fuels mandate. Currently, the definition of “forest biomass” in the law authorizing the RFS is severely restrictive, so that only energy derived from tree plantations is eligible. Along with modernizing the RFS, Westerman’s bill would fund more research and development geared to developing more wood energy and wood feedstock technology to create more markets for wood.

As 2019 winds to a close, “other” issues will most likely trump federal forest management in the Congressional priority queue. Nonetheless, your Hardwood Federation team will continue to reach out to our champions in the House and Senate to remind them that federal forest reform remains a priority for the hardwood sector. Happy Holidays!

Thank You Promo and Education supporters

The Hardwood Manufacturers Association (HMA) would like to take this opportunity to recognize and thank the many companies which have provided financial support to **HMA’s Education/Promotion Campaign**, developed to give the hardwood industry a unified identity, and **The American Hardwood Information Center**, HardwoodInfo.com, the authoritative resource for consumers and building professionals seeking factual information about American Hardwoods. Drum roll, please!

For the period November 1, 2018 through October 31, 2019, **thank you** to these generous and forward-thinking industry stakeholders:

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Only through industry support and collaboration can promotional efforts designed to inspire a renewed preference for American Hardwood products continue. And so, as you plan for 2020, should you want to add your company name to this list, please contact the HMA office at 412.244.0440. Hope to hear from you.

Developing new market applications for 2020

The American Hardwood Export Council (AHEC) is an international trade association representing U.S. hardwood exporters and the major U.S. hardwood product trade associations. Charged with promoting "the full range of American hardwoods in over 50 export markets," AHEC programs are funded "through the joint efforts of the U.S. hardwood industry and the Foreign Agricultural Service (FAS) of the U.S. Department of Agriculture."

AHEC's recently released activity plan, "Strategy Brief 2020," included the following information regarding "Developing new market applications:"

"Seeking out and promoting new uses for American hardwoods has become a key element in the AHEC strategy to increase market share for American hardwoods in Europe. Exterior and structural applications of wood products are two examples of market uses where the use of American hardwoods share is still relatively small, but the market potential is huge.

Timber construction in Europe is a growth sector, with an increasing use of wood in both the residential and commercial sectors as an alternative to concrete and steel. So architects and engineers are looking to increase their knowledge about wood in construction. This provides the right environment to promote the high performance structural use of American hardwoods.

- AHEC's tulipwood project for the 2013 London Design Festival, *The Endless Stair*, was the first ever use of hardwood cross-laminated timber (CLT), and has changed the thinking about the structural use of hardwoods.
- As a result, a leading CLT manufacturer agreed to work with AHEC in 2016 to produce the first industrial sized hardwood CLT panels, again in tulipwood, used to create *The Smile*, the first permanent structure built with hardwood CLT.
- In 2018, AHEC's landmark project *Multiply* took the debate to a new level, demonstrating how modular use of tulipwood CLT can change the face of construction. *Multiply* performance and production schedule information will be used to promote the commercial consumption of low-grade tulipwood for CLT production.
- During the 2020 programs, AHEC will undertake further structural material processing research on American hardwoods that will assist product development by European industries.

Additionally, the commercial development of thermally modified timber (TMT) in Europe is providing exciting new opportunities for U.S. hardwoods in exterior markets. AHEC will

continue to seek out and publicize examples, encourage the use of a wider range of U.S. hardwood species for TMT, and show case TMT in AHEC projects.”

For more information, visit www.americanhardwood.org.

This should help with year-end planning

By Paul Impellicceiri

A.F. McGervey & Co., LLC

Following a year fraught with dramatic changes to the tax laws, 2019 appears to be a year of clarification and implementation. Congress has issued additional guidance regarding some of these laws, and in most cases has not made any significant changes. This should help with year-end tax planning for both businesses and individuals.

Major provisions recently passed that affect businesses:

- The tax rate for **C-corporations** was reduced to a flat 21 percent. As a result, many business taxpayers have continued to re-evaluate their entity structure, as well as their compensation structure, to determine if any changes are necessary.
- To even the playing field for pass-through entities, Congress enacted a law allowing for a 20 percent **Qualified Business Income deduction**. Those entities that meet the requirements of the law have the opportunity to pass-through a deduction that reduces the taxable income to its owners by 20 percent. This provision applies to S-corporations, partnerships, and sole proprietorships. Additional guidance has been provided further identifying the businesses and activities eligible for this deduction, as well as establishing certain safe harbors that can be used by taxpayers.
- 100 percent bonus depreciation was extended for tax years through 2022, at which time it will be phased out over several years. In addition, bonus depreciation was expanded to include some used equipment purchases.
- The Section 179 expensing limit was increased to \$1 million, and the phase-out limit was increased to \$2.5 million for 2019. These limits will continue to be indexed for inflation.
- The new law eliminated the deduction for certain entertainment and related expenses. This provision has added some additional record keeping requirements, as certain expenses, such as business meetings and employee functions, may still be eligible for the 50 percent deduction, and must be accounted for separately.

Major provisions affecting individual taxpayers:

- The **Individual** tax rates were reduced across the board, including a reduction in the highest tax rate from 39.6 percent to 37 percent.
- The standard deduction for single and married individuals was increased significantly in 2018, which appears to have simplified tax reporting for many taxpayers who no longer need to track their itemized deductions. **For others who are close to the limit, the timing of their deductions has become important.** In particular, this applies to charitable contributions. Donor advised funds have become a vehicle for many taxpayers to group their charitable contributions in a specific year, which may enable them to take a tax deduction.
- Personal exemptions and Miscellaneous itemized deductions have been eliminated.
- State and local income taxes, real estate taxes and other taxes are limited to \$10,000 in total.
- The child tax credit has been increased to \$2,000 per child under 17.

- The alternative minimum tax exemption has been increased. In addition, the income limitation before the exemption phases out has been increased significantly. This has reduced the number of taxpayers affected by the alternative minimum tax, but is still a potential factor for planning purposes.
- The mortgage interest deduction has been limited on new mortgages which exceed \$750,000. As part of this provision, the deduction for home equity debt, not used to purchase or improve a residence, has been eliminated.

After a year of implementing these tax code changes, taxpayers and tax preparers are becoming more comfortable with their understanding of the law. The additional clarifications and guidance, issued during 2019, should help with the tax preparation and planning processes.

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

In the mood for some 'Fun Facts?'

Hope so, because for the next few moments, we're deviating from our 'serious' focus and instead, sharing a hodgepodge of 'did-you-know' fun facts and trivia. Here goes ...

- **"Turn up the Tunes** and let the 'RAVE' begin. Scientists have discovered that a type of mosquito is so entertained by electronic dance music (EDM) that it gets distracted from other activities, such as biting and mating." (AARP Bulletin September 2019)
 - **"Eat more cherries.** They're a low-sugar sweet tooth fix. They'll bring you better sleep within three days. Rich in antioxidants, they can keep you looking younger, reduce the risk of cancer, and help improve memory. They help speed exercise recovery and can reduce the chance of painful gout." (Meghan Rodgers, Tribune Review, RODGERS@535MEDIALLC.COM)
 - **Laughter** is much more than "good medicine. When we laugh, our bodies respond positively. There is a decrease in stress hormones (cortisol, adrenaline and dopac), and an increase in beta-endorphins - which lower feelings of depression - and human growth hormone - which helps protect us against disease and infection." (science.howstuffworks.com)
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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.

Hardwood Manufacturers Association
 665 Rodi Road, Suite 305
 Pittsburgh, PA 15235
 Phone: 412.244.0440
www.HardwoodInfo.com
www.HMAmembers.org
Darleen Licina-Tubbs
 Editor
Darleen@hardwood.org

Follow us @AmericanHardwds

