

The Hardwood Federation

Hardwood Manufacturers Association
March 22, 2018

What is the Hardwood Federation?

- Voice of the U.S. Hardwood Industry
- Established in 2004
- 27 Hardwood Businesses Organization Members

Our Members

American Hardwood Export Council
Appalachian Hardwood Manufacturers
Appalachian Lumbermen's Club
Empire State Forest Products Assn.
Hardwood Distributor's Assn.
Hardwood Manufacturers Assn.
Hardwood Plywood & Veneer Assn.
Indiana Hardwood Lumber Assn.
Kentucky Forest Products Assn.
Kitchen Cabinet Manufacturers Assn.
Lake States Lumber Assn.
Maple Flooring Manufacturers Assn.
Missouri Forest Products Assn.
National Hardwood Lumber Assn.

National Wood Flooring Assn.
National Woodland Owners Assn.
North Carolina Forestry Assn.
Northeast Loggers Assn.
Pennsylvania Forest Products Assn.
Penn-York Lumbermen's Club
Railway Tie Association
Southern Cypress Manufacturers Assn.
Southwestern Hardwood Manufacturers Club
Virginia Forestry Association
Western Hardwood Association
Westside Hardwood Club
Wood Component Manufacturers Assn.

The Hardwood Federation Charge

- Educate Policy Makers
- Monitor Federal Policy
- Participate in the Process
- Network with Allies
- Support Our Champions - HFPAC

The Tax Cuts and Jobs Act - 2017

- S-Corps and Pass Through Companies
 - 20% Deduction for Non-Wage Pass Through Income
 - Top Individual Rate of 37%
 - Effective Rate if 29.6%

Tax Reform Legislation - 2017

- Estate Tax - Exemption doubled to \$11.2 M per person.
- Net Operating Losses – 80% of taxable income, indefinitely carried forward.
- Expensing and Cost Recovery – 100% expensing for new and used investments made after September 27, 2017 through 2023.

Tax Reform Legislation - 2017

- Section 179 Limits – Increased to \$1M
- Business Interest Expense – 30% of EBITDA. After 2021, only interest and taxes
- State and Local Property Taxes – Deductible up to \$10K
- Corporate Tax Rate – 21%; AMT is repealed

Tax Reform Legislation - 2018

One issue for 2018....

Passing the Biomass Thermal Utilization Act

Investment tax credits for residential and commercial biomass heating units.

Election 2018 – Senate

U.S. Senate

- Re Republican Majority 51-49 (2 Independents)
- 35 Seats Up for Re-election
 - MN and MS Have 2 Seats Up

Senate Democrats Running in Trump States

Incumbent	Trump Win Margin 2016	Election Win Margin 2012
Joe Manchin (W. Va)	42%	24%
Heidi Heitkamp (N.D.)	36%	1%
Jon Tester (Mont.)	20%	4%
Joe Donnelly (Ind.)	19%	6%
Claire McCaskill (Mo.)	19%	16%
Sherrod Brown (Ohio)	8%	6%
Bill Nelson (Fla.)	1%	13%
Tammy Baldwin (Wis.)	<1%	6%
Bob Casey (Penn.)	<1%	9%
Debbie Stabenow (Mich.)	<1%	21%

Senate Democrats Running in Clinton States

Incumbent	Clinton Margin	Incumbent	Clinton Margin
Amy Klobuchar (Minn.)	2%	Sheldon Whitehouse (R.I.)	16%
Tina Smith (Minn.)	2%	Maria Cantwell (Wash.)	16%
Angus King (I-Maine)	3%	Kirsten Gillibrand (N.Y.)	22%
Tim Kaine (Va.)	5%	Bernie Sanders (I-Ver.)	26%
Martin Heinrich (N.M.)	8%	Ben Cardin (Md.)26%	26%
Tom Carper (Del.)	11%	Elizabeth Warren (Mass.)	27%
Chris Murphy (Conn.)	14%	Dianne Feinstein (Calif.)	30%
Robert Menendez (N.J.)	14%	Mazie Hirono (Hawaii)	32%

Election 2018 – House

U.S. House of Representatives

- 435 Voting Members
- 238 Republicans
- 193 Democrats
- 4 Vacancies

218 Members of One Party is the Majority

Democrats Need Net Gain of 25 for Majority

Who Will Win the House?

36 Republicans Not Seeking Re-Election

- Including 9 Committee Chairs

17 Democrats are Retiring

Historically President's Party Loses Seats

- Bill Clinton Lost 52 Seats in First Mid-Term
- Barack Obama Lost 63 in First Mid-Term
- But...George W. Bush won 8

President's Approval Rating and Generic Vote Polls Can Provide Clues...or not....

Legislative Priorities 2018

- Federal Forest Management Reform
- Farm Bill
- Trade

Federal Forest Management Reform

- Increased Timber Harvest Levels
- Streamlined Permitting
- Fire Funding Fix

Farm Bill

- Covers Agriculture, Food Aid, Conservation & More
- Reauthorized Every Five Years
- 80% of Farm Bill Spending is on Nutrition Programs

Farm Bill

- Export Promotion Programs (AHEC Funding)
- Timber Innovation Act
- Community Wood Energy Program
- Pest and Disease Prevention Programs

Trade

- Tariffs
- NAFTA
- China
- Log Exports

Hardwood Federation

THANK YOU!!



HARDWOOD

FEDERATION