

The Link

Newsletter | December 2021



A Message from HMA's President

by Troy Brown



Greetings! I'm hoping that your Thanksgiving holiday was peaceful and delicious. And I trust that you and yours are in high gear, preparing for the special events and

festivities that traditionally bring each year to a close. And what a year it's been!

My latest appeal to you is this: If American Hardwood promotion is important to you, but you are not yet on board with the exciting work being done by the Real American Hardwood Coalition (RAHC), now is the time to provide your financial support. And here's how easily you can do that. (It will take about two minutes of your time.)

- Simply go to RealAmericanHardwood.org.
- Click on "How To Get Involved."
- Click "Contribute Now."
- Make your contribution.

And before leaving the website, review the **How Contributions Will be Used** section for an abstract of the Marketing Plan, according to funds that are available.

As a quick update, here's a snapshot of what the Coalition has accomplished to date:

- Extensive consumer research has been completed.
- The RAHC has obtained 501(c)(3) status

- The initiative's industry information portal, created to keep all hardwood industry stakeholders updated, is up and running at RealAmericanHardwood.org.
- Development of the consumer-focused website, which will inform consumers of all levels—homeowners, architects, designers, and builders—about our wonderful hardwood products, is underway.

I hope to see your name in the growing list of **Contributors and Benefactors**.

Without a doubt, the past two years have certainly been interesting! Yet each of us has done our best to make the most of this uncanny situation. Hats off to you all. And hats off to the HMA, Linda, and two HMA member companies for making life a little more meaningful for us.

I'm referring to the virtual Summer Regional Tour at the Yoder Lumber facilities in Ohio. And most recently, the virtual Fall Regional Tour at Cummings Lumber Company in Pennsylvania. I know. Nothing compares with in-person Regionals. But it sure was nice visiting and seeing these two great operations. And it was great seeing many of you, if only virtually. Thank you to all involved.

Now, if you were unable to tune-in to these online events, both are available for on-demand viewing in the Members Only section of HMAmembers.org. I encourage you to invest the time.

I'll leave you with one final comment.

As the challenges continue, I find comfort in a quote that I'd like to share. It's from American sprinter, Joshua J. Marine, who said, "Challenges are what make life interesting. Overcoming them is what makes life meaningful."

Have a great holiday season!

Also In This Issue

- Reminder: HMA has a New 'Home'
- Thank You, Fall Regional Participants
- On the 2022 NatCon Agenda
- Finalize your Conference Registration today!
- NatCon Sponsors Stepping to the Plate
- Infrastructure Package Makes it Past the Finish Line, *by Dana Lee Cole*
- Thanking our Hardwood Promotion Contributors
- Exciting Times for the SCMA, *by Ian Faight*
- Pending Changes in Tax Legislation, *by Paul Impellicceiri*
- Holiday Trivia and Fun Facts

Thank You, Fall Regional Participants

In-person meetings will always be best. But virtual gatherings—especially those with drone acquired panoramas and vistas—do indeed have their place in the ‘plus’ column. We’re talking about HMA’s virtual Fall Regional Tour, recently conducted at Cummings Lumber Company, Inc., in Troy, Pennsylvania. If you participated in the November 18 online event, you know exactly what we mean.

To Scott Cummings, Norm Steffy, and all of the great people at the **Cummings Lumber** facilities, thank you for such an awesome experience! It’s clear that you are an integral part of your community. Plus, you live and work in such a beautiful part of Pennsylvania!

And a special ‘Thank You’ to our sponsors, **Corley Manufacturing Co.**, **Lewis Controls, Inc.**, and **Mellott Manufacturing Co., Inc.** Your participation helped make this favorite HMA member benefit even more beneficial.



For our HMA members who were unable to participate, the Fall Regional Tour is housed in the Members Only/Virtual Events section of **HMAmembers.org** for on-demand viewing. Tune-in, please. There is much to see, hear and enjoy.

Reminder: HMA has a New 'Home'

As announced in the November issue of *The Link*, HMA has settled into our new location. Please update your address book and GPS. We'd love to see you if/when you're in our neck-of-the-woods!

Hardwood Manufacturers Association

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Warrendale, PA 15086



On the 2022 NatCon Agenda

With a Conference theme of ***Investing in the Future***, we hope we've piqued your curiosity regarding the business sessions and presentations in queue for HMA's upcoming **National Conference and Expo**. Here's a snapshot of what's 'on tap' for the March 23–25 event.

The **Opening Reception and Expo**, set for the evening of Wednesday, March 23, will provide the perfect opportunity to browse the technology Expo; enjoy a sumptuous array of refreshments; plus meet, greet, network, catch-up, make new contacts, and connect with industry colleagues and old friends.



And regarding business sessions for the multi-day event, HMA is pleased to announce that Connor Lokar, economist and senior forecaster, ITR Economics, will be joining us—in-person—with a two-fold offering that will not disappoint.

- His formal presentation titled, ***Plan and Prosper***, will discuss business responses, tactics, and strategies regarding the challenges, uncertainties, and projected economic changes for 2022 and 2023.
- He will then conduct a 45-minute workshop geared to hardwood specific issues.

Lokar, a member of the ITR Economics team since 2014, brings a fresh and entertaining perspective to the world of economics. And we are very much looking forward to having him on the dais.

Other presentations on the 2022 Conference agenda will include:

■ **Backstage Pass**

Joshua Davis, vice president of Food & Agribusiness, Farm Credit Mid-America, will discuss what financial institutions consider when evaluating loan requests, and provide a behind-the-scenes look, from the lender's point of view, regarding timber and forest product lending.



■ **Advocacy and Representation**

Dana Lee Cole, executive director of the Hardwood Federation, our hardwood industry advocate in Washington D.C., will offer a brief update regarding the latest happenings in our nation's Capital.



■ **Global Markets Update**

With an eye on the global stage, Michael Snow, executive director of the American Hardwood Export Council, will present an update on American hardwoods in the worldwide marketplace.



Other Conference details—including registration and hotel accommodation information (do not wait, please), a listing of participating exhibitors, available event sponsorships, and the complete Conference agenda—can be found at HMAmembers.org. Make plans to participate.



HMA National Conference and Expo

Sandestin Golf and Beach Resort
Miramar Beach, Florida

March 23–25, 2022



Finalize your Conference Registration Today!

HMA's National Conference and Expo, March 23-25, at the Sandestin Golf and Beach Resort in Miramar Beach, Florida, is fast approaching and now is the perfect time to secure your front row seat. Registration is quick and easy at HMAmembers.org.

Not yet an HMA member? No problem. The Conference is open to all hardwood industry stakeholders, and it's your opportunity to mix and mingle with a host of interesting and very experienced hardwood industry professionals. (Many say the event is simply **peer-to-peer networking** at its best!)

So, join us in sunny Florida for a firsthand look at what our storied Association is all about. You'll find all the Conference details—including registration, agenda, Expo specifics, and sponsorship opportunities—at HMAmembers.org. And should you have any question, please contact the HMA at **412.244.0440**. Act today so you won't be left out!



NatCon Sponsors Stepping to the Plate

Have you signed on as a 2022 National Conference Sponsor? If not, what are you waiting for? It's such an easy and effective way to gain greater company recognition. And not only will we announce your support in *The Link* and on HMAmembers.org, we'll also 'spotlight' you at the big event and throughout all of 2022.

As we go to press, special thanks to:



Industry supplier and **Platinum Sponsor** TS Manufacturing, Lindsay, Ontario! Visit them at Booth#39 to discuss their sawmill and lumber handling solutions, and to offer your thanks. TSMAN.com



Thank you to **Silver Sponsor** JoeScan, Inc., Vancouver, Washington! You'll find them in Booth #2. So please, stop by to discuss their laser scanning technology, and to thank them for signing on as a Morning Coffee Bar Sponsor. JoeScan.com

And to industry supplier and **Bronze Sponsor** Cooper Machine Company, Wadley, Georgia, thank you! They'll be manning Booth#26. Visit them for an update on their complete line of sawmill machinery. And be sure to thank them for supporting the HMA. CooperMachine.com



To add your company name and logo to this list, or to discuss available opportunities, contact us at **412.244.0440** or **412.215.9256**.



Thanking Our Hardwood Promotion Contributors

You've done it again! You've kept hardwood promotion on your priority list. And with your generous contributions to **HMA's Education/Promotion Campaign**, developed to give the hardwood industry a unified identity, and the **American Hardwood Information Center (AHIC)**, HardwoodInfo.com, the authoritative resource for consumers and building professionals seeking factual information about American Hardwoods, our hardwood message has reached countless consumers, architects, designers, and building professionals.

It is through this kind of industry support and collaboration that our education and promotion efforts can continue. And so, on behalf of all industry stakeholders, HMA offers a hearty **thank you** to the many companies that have provided their financial support.

For the period November 1, 2020, through October 15, 2021, thank you to:

HMA Member Contributors

Alan McIlvain Co.
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Baillie Lumber Co.
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TS Manufacturing
U-C Coatings
UPG
USNR
W.M. Cramer Lumber Co.
Weekly Hardwood Review
Wood-Mizer



American Hardwoods™

As you plan for 2022, should you want to add your company name to this list, contact the HMA office at **412.244.0440**. We hope to hear from you.

Infrastructure Package Makes it Past the Finish Line

by Dana Lee Cole

Executive Director, Hardwood Federation



On November 15, President Biden signed the Infrastructure Investment and Jobs Act. Among other priorities, the legislation includes over a half trillion dollars in new spending on roads, ports, bridges, rail, and airports—with total spending estimated to be around \$1.2 trillion, over five years. Key provisions within the 2,740-page document include:

- \$110 billion for roads, bridges, and other major infrastructure projects.
- \$39 billion to modernize public transit, \$66 billion in passenger and freight rail, and \$7.5 billion for electric vehicles.
- \$65 billion to improve the nation's broadband infrastructure.
- \$17 billion in port infrastructure and \$25 billion in airports.
- \$170 billion to improve power and water systems.
- \$21 billion for environmental remediation.

Items of Interest to the Hardwood Sector

Efficient Manufacturing—\$2.1 billion in assistance to help manufacturers improve energy, water, and material efficiency; load management; and on-site generation to reduce waste and pollution, while increasing profit. The provision includes a set-aside for small to medium sized manufacturing operations.

Language creating a new federal system for subsidizing sawmills and other wood processing facilities, along with \$400 million in new financial assistance. The provision specifies that “close proximity” to a sawmill would become a factor for agencies to consider when funding federal land restoration. One of the ongoing challenges to making thinning projects economical is access to processing facilities. Existing wood processing infrastructure is not in close proximity to many federal forests that desperately need active management.

A favorable provision grandfathering existing gross vehicle weight limits on state roads converting to interstate highways. Currently in North Carolina, several state roads are slated to soon become federal interstates. Right now, the maximum gross vehicle weight limit on North Carolina state roads is 90,000 pounds for five-axle trucks carrying logs and forest products. Once those roads convert to interstates,

the weight limit would decrease to 80,000 pounds, unless the 90,000-pound standard is grandfathered. Enactment of this bill addresses this issue.

Authorization of a bioproduct pilot program to explore the use of agricultural commodities in building construction materials and products. The provision provides \$4 million to the U.S. Department of Agriculture to partner with a college or university to examine cost savings of using alternative materials, greenhouse gas emission benefits, landfill quantity and waste management cost reduction benefits, and other factors.

Several “Buy American” provisions, including language that precludes any funding for projects that use iron, steel, manufactured products, or construction materials that are not produced in the U.S.

Provisions promoting work force development in the transportation sector, specifically, language authorizing grants to educational institutions or state departments of transportation, in partnership with industry, to develop, test, and review new curricula and education programs to train individuals at all levels of the transportation workforce. Further, the new programs will provide for hands-on career opportunities to meet current and future needs.

In the Spotlight Now...

Is the issue of passing the **Build Back Better** legislation—also known as the Reconciliation Bill—and the Hardwood Federation team is closely tracking provisions within this legislation directly related to the hardwood industry, specifically:

- Research funding related to sustainable forestry methods, maximizing carbon sequestration on federal lands, and life cycle analysis of wood products.
- Funding for initiatives that protect older and more mature forests in the National Forest System.
- Grant programs that support private landowners entering voluntary carbon market programs.

Additionally, we are working closely with our business and manufacturing association partners to track and comment on proposed tax reform measures that would directly, and negatively, impact the small, medium, and family-owned companies that comprise the majority of the hardwood sector. Rest assured, we will keep you updated and will let you know when it is time to make your voice heard!

Happy Holidays!

Exciting Times for the SCMA

by Ian Faight

Marketing, Communications, and Digital Content Director, HMA

It was a busy fall for the SCMA and things won't be slowing down this winter. From hitting the road to freshening things up, we couldn't be more excited. Here's a quick recap of what the SCMA has been up to and a preview of what's to come.

On the Show Floor at the NAWLA Traders Market

SCMA representatives exhibited at the 2021 NAWLA Traders Market, November 11–12, at the Kentucky International Convention Center in Louisville. The event brought together lumber dealers and manufacturers, and provided the SCMA with excellent opportunities to meet and greet with industry colleagues and suppliers, sit in on informative learning sessions, and gain an understanding of current market trends.



Visitors to the SCMA's booth were either familiar with cypress or were interested in learning more about the beautiful, versatile, and durable species—especially as an alternative to Western red cedar and other species that dominate the market out west, but are becoming more difficult to source.

As expected, attendance was down from previous years, but the show was well-attended and foot traffic was steady. Most importantly, attendees and exhibitors were excited and energized to get back to semi-normal business and travel.

Coming Soon: New Logo and Website

The image of tall bald cypress trees sitting on top of the stacked words "Southern Cypress Manufacturers Association" has long been the face of the SCMA. It's professional and recognizable, but also dated and difficult to use in modern applications. So, heading into the new year, the SCMA is preparing to update its visual identity with a rebrand.



Over the past few months, SCMA management has been developing a new logo that's designed to be clear and legible in a variety of applications and at various sizes—while paying homage to familiar design elements. After the discovery and design stages, and a few rounds of edits, SCMA members were presented with two options that will be voted on later this month. Keep a look out for the new logo reveal.



And the rebrand doesn't stop with a new logo. SCMA management also is working on designing a fresh look for the SCMA's home on the web at CypressInfo.org. The revamped website will capitalize on the SCMA's growing library of editorial features, extensive catalog of photography, and detailed technical information to deliver a visually appealing website with a more intuitive browsing experience for visitors. Work is in progress and is on track to be completed in the first quarter of 2022.

Interested in Learning More?

When it comes to promoting cypress products to consumers and design professionals, the SCMA takes the lead. If your company is involved in the manufacture, processing, or distribution of solid cypress building products, please email member-services@cypressinfo.org to learn how your company can get involved.

And save the date for the SCMA's 2022 Annual Meeting, which will take place March 23, at the Sandestin Golf and Beach Resort, Miramar Beach, Florida, in conjunction with the HMA's 2022 National Conference and Expo. The SCMA would be happy to have you as a guest at the meeting, as well as at the networking reception and dinner the prior evening.

Pending Changes in Tax Legislation

by Paul Impellicceiri, A.F. McGervey & Co., LLC

Uncertainty in the economy, as well as pending changes in tax legislation continue to cause concern for business owners and individuals. Congress has passed an infrastructure bill, but a much larger package of tax legislation and social programs is working its way through Congress. It continues to be very difficult to keep up with the changing landscape.

Business Owners

- The Payroll Protection Program continued in 2021, with many businesses eligible for a second-round of funding under this program. To be eligible, a business must have incurred a 20% decrease in revenues in any quarter in 2020, when compared to the same quarter in 2019. There also are provisions for start-up entities and companies not in business for a full year in 2019.

To obtain forgiveness for these advances, companies must spend at least 60% of the funds on payroll and payroll related costs during a specified time period, generally either 8 or 24 weeks. The program has expanded the eligible costs to include certain additional operating expenses directed at protecting employees and allowing them to work remotely.

The IRS has clarified that the proceeds of these loans, if properly forgiven, will not be included in taxable income, and the related expenses are fully deductible.

The SBA, that administers this program, has provided a streamlined process for those entities who received less than \$150,000 in loan proceeds.

- At this time, many companies will be requesting loan forgiveness under the Payroll Protection Program. These entities may want to review the provisions of the Employee Retention Credit, which is another part of the CARES Act implemented in 2020 but expanded in 2021.

Under this program, if a company experiences a 20% (down from 50% in 2020) decrease in revenues in a given quarter in 2021, when compared to the same quarter in 2019, it may be entitled to a credit for wages paid to retain employees. The credit is equal to 70% of qualified wages paid during the quarter in which it experienced the decrease in revenues. The maximum amount of wages that may be taken into account in a given quarter is \$10,000, per employee.

Unlike 2020, the credit is calculated based on wages paid during each qualifying quarter, and does not have an annual limit. Any wages

utilized to claim loan forgiveness under the Payroll Protection Program are not eligible for the employee retention credit. In accordance with the passing of the recent infrastructure bill, this credit is only available through the third quarter of 2021.

- Legislation continues to evolve affecting employers and employees related to the on-going pandemic. These programs are designed to compensate employees for absences related to COVID-19 for either illness or taking care of an affected family member. Tax credits have been made available in an effort to mitigate the costs to employers. Employers are encouraged to review the various provisions and work with their payroll and tax advisors to stay up to date on the legislation.
- As a boost to the restaurant and hospitality industry, meals in connection with business meetings are 100% deductible in 2021. Entertainment expenses, such as tickets to a sporting event or concert, continue to be 100% non-deductible.
- It was anticipated, with the change in administration, that corporate tax rates would increase moving forward. At this point, it does not appear that changes will be enacted in 2021 and it is unclear what will happen in 2022, and future years. Business owners will again have to consider possible increases in tax rates, moving forward, and continue to review their operating and compensation structures.

Individual Taxpayers

- As part of the CARES Act, the Treasury provided stimulus checks in 2020. A third-round of stimulus payments of \$1,400 per individual were issued in 2021. These payments were again income based, and largely contingent on the income reported on a prior year tax return. If a taxpayer did not receive this third payment, they may still be able to claim a credit on their 2021 tax return, if taxable income does not exceed the prescribed thresholds.
- Tax brackets and standard deductions have been indexed for inflation, however there were no major legislative changes made to the reporting of income and deductions.
- Required minimum distributions that were suspended for 2020 are again required in 2021.
- The Child Tax Credit and Dependent Care Credit have been expanded. In some cases, families have begun receiving advance checks on the anticipated Child Tax Credit.

Continued on next page

Pending Changes in Tax Legislation

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- Taxpayers who received an early distribution from an IRA or retirement account related to the corona virus may need to continue to follow the reporting guidelines to avoid the penalties on these withdrawals.

Current Changes Being Discussed

- An increase in the corporate tax rate from the current 21% to 25-27%.
- A further limitation on the Qualified Business Income deduction for high-income earners.
- An increase in the SALT (State and Local tax) deduction from the current \$10,000 to \$80,000.
- An extension of the expanded Child Tax Credit and Earned Income Credit.
- A change that would impose the 3.8% investment tax surcharge to income earned through a trade or business on high income earners.

Paul Impellicceiri is a partner at Pittsburgh-based accounting/auditing firm, A. F. McGervey & Company, LLC. He can be reached for comment at 412.653.6101 or impell@afmcgervey.com.

Holiday Trivia and Fun Facts

The Holiday season is upon us. And while festivities vary from home to home, some 'traditions' are simply part and parcel to that joyous and fun-filled time known as 'the Holidays!' So, what's the history behind some of our seasonal favorites?

- **Greeting cards** in America were first published and sold in 1875 by Louis Prang, Roxbury, Massachusetts. And the first "official" Christmas card sent from the White House is credited to President Dwight D. Eisenhower.
- James Edgar is ascribed as being the first department store **Santa**. It all began during the Christmas season of 1890 when Edgar strolled about his store in Brockton, Massachusetts, dressed as Santa Claus, chatting with customers and their children.
- America's first **Christmas tree** is credited to Henrick Roddmore, a Hessian soldier captured in 1776, and put to work on the farm of Samuel Henslow, Windsor Locks, Connecticut, where he displayed and decorated Christmas trees in the Henslow home for the next 14 years.
- And in 1851, Mark Carr transported two ox sleds of Christmas trees from the Catskill Mountains to the sidewalks of New York City, establishing the first retail **Christmas tree lot**. It wasn't until 1882 however, that **tree lights** were available, thanks to Edward H. Johnson, Thomas Edison's friend and partner, who hand-wired 80 red/white/blue light bulbs and strung them around his Christmas tree.

Information Source: The Old Farmer's 2021 Almanac



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

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