

# The Link

Newsletter | August 2021



## More than Just Talk

by Linda Jovanovich  
HMA Executive Vice President



Things are heating up—literally and figuratively. It's been hot and steamy here in the 'burgh. Plus, businesses, sporting events, and nearly all

facets of life are opening to full capacity, with minimal restrictions. As we in Western Pennsylvania inch closer and closer to our new version of "normal," I hope your part of the country is experiencing much of the same.

I was on the road, in July, for the Real American Hardwood™ campaign (RAH). And it was wonderful speaking with so many of you, as I was manning the RAH booth at NWFA's 2021 Wood Flooring Expo at the Orange County Convention Center in Orlando.

What a venue! What an opportunity to share the American hardwood industry's powerful story. And what great questions from so many of you wanting to learn more about—and to add your support to—this important national campaign.

Much is happening. And so, to keep all industry stakeholders informed, *Securing Our Industry's Future*, a short, informational video about the work being done by the Real American Hardwood Coalition, and how you can join in the effort, debuted during the Orlando event.

I encourage everyone—sawmill owners, secondary manufacturers, industrial product producers, and



industry associations to watch the video. The time investment is a mere 108 seconds. The take-away however, is significant. Simply **click here** to watch.

I also encourage you all to begin using the Real American Hardwood™ logo on your lumber, manufactured goods, trucks, websites, marketing materials, business cards, and social platforms. And I hope that you will find a way to add your financial support to the advancement of this national campaign. You'll find everything you need at **RealAmericanHardwood.org**.

I've been on the road for the HMA, as well. The camera crew, Ian Faight (HMA's recently appointed Marketing, Communications, and Digital Content Director), and I spent several days at Yoder Lumber in Ohio, interviewing, acquiring footage, etc., for HMA's Summer Virtual Regional Tour.

The stage is set for Wednesday, August 11 at 10 a.m. (EDT). All that's

missing is you. But you must **register**. And you'll find more event details in article, *HMA's Summer Regional – Register Today*, in this issue of *The Link*. Please take a look.

## Also In This Month's Issue

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## "The Scary Truth about Cybercrime," a NatCon Session Recap

If you think your company is safe from the ever-evolving cyber threat landscape; think again. Every business is at risk. That's why, at HMA's National Conference & Expo in Austin, brothers Josh (left) and Jake (right) Pribanic, co-founders of LastLine Cyber, Inc., presented a session titled, *The Scary Truth about Cybercrime*. Here are the highlights.

### The "Scary" Statistics

- **76%** of businesses have experienced a cyber-attack, to some degree.
- **90%** of data breaches are a direct result of human error.
- The average cost of one cyber-attack is rising above **\$3.8 million**.
- By 2025, it is estimated that cyber-crime will cost the world **\$10.5 trillion**, annually.

### Don't be a Cyber-crime Stat!

Be aware and understand the risks. Vulnerabilities are present in any organization. Outdated software, lazy password management, poor



email security, and untrained users are only some of the prime targets for phishing (email spoofs), smishing (text scams), and other information security breaches. The Fix?

"True prevention begins with pervasive cyber security awareness." Identify where critical information security risks exist. And identify and address unsecure practices by implementing employee training to educate on phishing, safe web-browsing, password security, malware, etc.

And most certainly, protect your assets by knowing when to call upon the "experts" for help.



Remember, your employees are your last line of cyber-defense. When you teach them how to prevent cyber-attacks, you'll be defending your business from the ever-evolving cyber-threat landscape.

Before addressing questions from the audience, Josh and Jake provided a "Hack HMA Members phishing email" demonstration, that was both eye-opening and concerning. Log into the Members Only section of **HMAmembers.org** for this must-see presentation. And be sure to visit **LastLineCyber.com** to learn more about Pittsburgh-based LastLine Cyber, Inc.

## HMA's Virtual Summer Regional – Register Today

Join us at 10 a.m. (EDT), Wednesday, August 11, for a virtual tour of **Yoder Lumber**. Advance **registration** is required, so please, take care of business today. So much to see and hear—and all from the comfort of your office. Here's what's on tap.



Plan on a close-up look (and some awesome aerial views) of Yoder Lumber's facilities—specifically their Buckhorn Sawmill, Kiln, Millwork & Distribution operation and their Berlin Dimension Lumber Plant & Kiln. Plus, the event will be narrated "live" by Trent Yoder, lumber location manager/VP of production, along with several other Yoder Lumber friends and associates.

You'll also be seeing and hearing from industry colleagues representing Eagle Machinery & Supply, Inc.; Stiles Machinery, Inc.; and TallyExpress by DMSi—equipment suppliers to Yoder

Lumber, and sponsors of the Summer Regional.

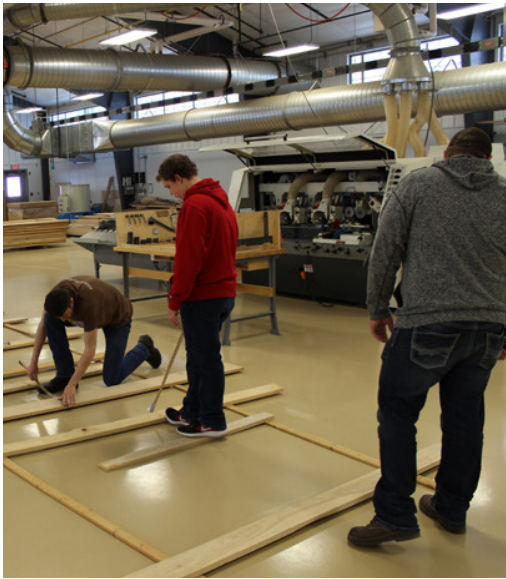
So, join the confab. Finalize your registration today, and then one week before the event, you will be emailed a link to the virtual presentation. Don't miss this!

### Important Note!

There is **NO charge** for HMA Members and 2021 National Conference & Expo vendors, sponsors, and promotion contributors. For other industry stakeholders interested in this virtual visit to Yoder Lumber, the registration fee is \$95. Join us!

## NTC Hardwood Certificate Program Set for August 30

The Northcentral Technical College, HMA's partner in education, is again offering its Hardwood Manufacturers Certificate Program. Open to all hardwood industry stakeholders, the 12-week program is set for **August 30–November 19**, at the College's 27,000-square-foot state-of-the-art Wood Technology Center of Excellence, in Antigo, Wisconsin.



Designed to enrich the skills of your employees and develop a stronger, more knowledgeable team, the 14.45 credit Program will be comprised of five courses:

- **Intro to the Hardwood Industry & Safety** covers workplace expectations, manufacturing efficiencies, safety and health practices, and will earn an OSHA recognized Forklift Operators Certificate.
- **Wood Science and Technology** includes species identification, wood anatomy and how physical structure characteristics are used in species selection for industrial raw materials.
- **Wood Drying Science** offers an in-depth study of the process of drying wood. Students will learn moisture content measuring techniques, types of kilns and controls, how to generate kiln schedules and procedures for sampling, while operating a lab-sized conventional steam dry kiln.

■ **Wood Manufacturing Processes** introduces the student to the primary breakdown of logs into lumber, and logs into veneers and strands for wood composites. And an overview of plant layout, machine centers and product flow will be examined for each product line and species mix.

■ **Hardwood Grading and Merchandising** topics will include hardwood manufacturing standards, tally criteria, defect identification and various grading determination methods. Students also will be introduced to the latest developments in automated lumber scanning equipment.

Don't delay. **August 13** is the application deadline. Visit **HMAMembers.org** for program details and housing information. And questions should be directed to Continuing Education at **715.803.1965** or **ce@ntc.edu**.

## Manufacturing Day – Your Opportunity to Shine



MFG Day (Manufacturing Day)—held annually on the first Friday in October—helps show the

reality of modern manufacturing careers by encouraging thousands of companies and educational facilities to open their doors to students, parents, teachers, and community leaders.

- This year, the initiative begins on **October 1**—but events extend throughout the month. So, pick the day that best suits your calendar, and the calendars of those in your community.
- Then plan your MFG Day event and register/advertise it on the digital home for MFG Day—**CreatorsWanted.org**—so that people in your area can find it and attend.

Based on feedback from industry colleagues who have hosted MFG Day events, this is your opportunity to shine and to showcase (and strengthen) the hardwood industry! When you open the doors of your facility, you also are opening the minds of future employees, and the next generation of leaders, to the hardwood industry! It's a win-win opportunity for all involved.

Don't wait. Learn more at **TheManufacturingInstitute.org**.



## The Tax Debate Heats Up

by Dana Lee Cole

*Executive Director, Hardwood Federation*



Like countless other spots in the U.S., the weather in D.C. is hot! And becoming increasingly heated, are negotiations between

both ends of Pennsylvania Avenue about how to move President Biden's agenda through an evenly divided Congress.

Included in the mix are the Administration's aggressive policy priorities around "social infrastructure" and climate change that are embodied in President Biden's American Jobs Plan and American Families Plan. You may recall that there are a number of tax proposals embedded in these plans that impact the business community.

For our sector, there is nothing specific to S-Corporations or other pass-through tax structures. However, two particular provisions have raised alarms across all groups representing small- and medium-sized businesses.

- One includes language ending a long-standing capital gains tax break on inheritances known as "step-up in basis." (*See example*)
- The other is being characterized as a Second Death Tax. The proposal would raise the capital gains tax rate from 23.8 to 43.4 percent. Any assets that you have are considered sold the day you die with, the first million being exempt. In other words, the 43.4 percent rate would be imposed on your final tax return.

Other proposals are floating around out there—Hardwood companies have expressed concern about the proposed elimination of 1031

exchanges, which defer certain tax payments on property-investment gains of over \$500,000—and the Hardwood Federation will continue to do our best to track those that have the most widespread impact on the hardwood industry.

The **good news** is that these proposals have unified the business community in opposition. And an impressive number of Democrats have come out against them, as well. However, time is of the essence for the President and his team.

Historically, major initiatives sought by a new administration typically occur in the first two years. And with many political prognosticators predicting the House may flip to Republican control after the 2022 elections, the Biden Administration and House and Senate leadership are laser focused on moving key pieces of these two plans—a full court press in Congress—because the window-for-action could be rapidly closing.

As always, the Hardwood Federation will remain vigilant, and will continue our frequent conversations with key Democrat and Republican allies, in both the House and Senate, about our sector's concerns and priorities.

### Step-Up in Basis Tax Break Example

Suppose a couple with one dependent bought some stock 20 years ago for \$10,000. After the couple passes away, the dependent inherits the stock—which is now worth \$100,000—and immediately sells the stock for \$100,000. The amount of gain to be taxed is calculated by subtracting the basis (typically the amount paid for the stock) from the amount received for the sale.

With the "step-up in basis," the stock automatically jumps from \$10,000 to \$100,000; the selling price and the basis are identical; there is nothing to tax. Without a "step-up in basis," the gain would be \$90,000 (\$100,000 – \$10,000), and the dependent would pay capital gains tax on that amount.

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**HARDWOOD**

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FEDERATION

## AHEC Trade Alert: Australia Fumigation Certificate Change

The Australian Department of Agriculture, Water, and the Environment has announced that documentary requirements for fumigation certificates are changing. This change applies only to logs and green lumber being shipped to Australia.

"The reason for this change is that the current statements do not address timber thickness and impervious coating considerations

that must be taken into account to ensure effective fumigations are conducted." The revised policy goes into effect August 2, 2021.

The entire announcement is available at [Agriculture.gov.au](https://agriculture.gov.au). And for additional policy information regarding the revised minimum documentary and import declaration requirements, email [entrymanagement@awe.gov.au](mailto:entrymanagement@awe.gov.au).



## SCMA Spotlight

by Ian Faight

*Marketing, Communications, and Digital Content Director, HMA*

The Southern Cypress Manufacturers Association (SCMA) is hard at work this summer promoting cypress, arranging meetings, and coordinating events. Here's a brief overview of what we're working on and what's on our schedule later this year.

### Creating Editorial Content

The SCMA is wrapping up its next editorial piece, which focuses on design ideas to enhance outdoor living spaces. The list-based article features interviews with architects, woodworkers, and a blacksmith,

who discuss how and why they prefer working with cypress to craft everything from outdoor ceiling treatments and cabinetry to furniture and showers.

The article will be distributed through our content partner, NewsUSA, so keep an eye on your local newspaper or visit [CypressInfo.org](https://CypressInfo.org).

In addition, cypress will once again be featured in the pages of Building Products Digest. The September issue will include an article written by the SCMA that explores a growing market for cypress: custom furniture. Stay tuned to learn more.

### Gathering in West Palm Beach

Does your company manufacture or distribute cypress—but isn't an SCMA member? If so, consider attending the SCMA's 2021 Mid-Year Meeting at the Palm Beach County Convention Center in West Palm Beach, Florida, on Wednesday, September 22, 2 pm. The event will be held in conjunction with the National Hardwood Lumber Association's Annual Convention and Exhibit Showcase.

At the meeting, attendees will hear updates on the SCMA's promotion campaign, see what's planned for the rest of the year, and network with industry peers. Join us as a guest and learn why your company should get involved!

There also will be a reception and dinner at Ruth's Chris Steak House on Tuesday, September 21, 6 pm. Register at [CypressInfo.org/register](https://CypressInfo.org/register).

### Exhibiting at NAWLA

The SCMA will be exhibiting at the North American Wholesale Lumber Association's 2021 Traders Market in Louisville, Kentucky, Thursday–Friday, November 11–12. The event will provide SCMA representatives with an opportunity to network with lumber wholesalers and distributors, as well as gain insights into how the SCMA can better serve their needs when it comes to promoting cypress.

### Want to Get Involved?

If your company is looking to learn more about the SCMA's work, thinking about membership, or would like to attend the Mid-Year Meeting, email us today at [member-services@cypressinfo.org](mailto:member-services@cypressinfo.org).



## \$15 Million in Grants to Expand Wood Products



In a May **news release**, the U.S. Department of Agriculture (USDA) awarded \$15 million to fund grant proposals to develop and expand the use

of wood products, strengthen emerging wood energy markets, and protect community forests.

When making the announcement, Agriculture Secretary Tom Vilsack said, "To manage wildfire and address climate, we need to manage our forests. (These) investments underpin USDA's commitment to address the climate crisis with a market-based approach that begins to move us toward a clean energy economy, led by production of renewable fuel and energy and biobased products grown and manufactured here in the U.S."

■ Delivered through USDA Forest Service programs, "the grant funding will support 60 projects that cover a diverse range of activities, from the development of affordable housing to expanding markets for mass timber, biochar, wood energy, and other wood products.

■ Forest Service awards will leverage an additional \$30 million in matching and partner funds, bringing the totals well above \$45 million."

According to the release, the Forest Service's **Wood Innovations Grants** will fund 44 projects across 23 states and Puerto Rico, and include "Expanding Markets for Timber Industrial Mats Manufactured from Hardwood Species and Cross-Laminated Timber," "Generate Wood Energy Onsite from Sawmill Low-Value Waste Products," and

"Installation of a New Combined Heat & Power System," projects being conducted by Mississippi State University; Thompson Appalachian Hardwood, Inc.; and Kretz Lumber Company, Inc., respectively.

Visit **USDA.gov** for the complete list of grant recipients.

## How about a 60-Second "Trivia" Break?

The following fun facts, courtesy of *Reader's Digest*, are simply that—trivia bits to bring a smile to your face and to be shared with family and friends at the next summer barbeque. Did you know...

- Peanuts are not nuts—and neither are walnuts, almonds, cashews, or pistachios. They are legumes, "a pod with multiple seeds that will open on its own as it becomes ready for harvesting." A 'true nut,' like an acorn, contains one seed enclosed in a tough, leathery shell.
- Cows, goats, and sheep do not have upper front teeth. What they do have is a thick layer of tissue called a "dental pad." And they use that, and their bottom teeth, to pull out grass and other plant matter.
- Our 26<sup>th</sup> president, Theodore Roosevelt, had a pet hyena named Bill. Bill was a gift from the emperor of Ethiopia, and just one of the President's interesting pets which included a pony, small bear, a badger, and a one-legged rooster.
- The current version of the American flag was designed in 1958 by a High School Junior named Bob Heft. It was a history class project that only earned a B- grade—that is until Heft's design was chosen by President Eisenhower, and the U.S. Congress, as the country's official flag. Following a call from the President, Heft's teacher changed the grade to an A!



*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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