



December 2015

During this festive time ...



Here's to a New Year filled with good health and much success!

A message from HMA's President

By Skipper Beal

I try to keep current with industry publications. Article content helps keep me up-to-date on industry issues, and I especially appreciate the creativity of the advertisements designed to be more than just 'filler.' But perusal of a recent publication was a cause of concern for me. Here's why.

Sixteen HMA member companies had ads in the publication. But of those 16, only one touted HMA's 'current' membership logo. Three included the 'old' HMA logo that had been retired in 2012. The other 12 ads included the logos of a variety of industry associations, but showed no HMA affiliation.

My enthusiasm for the HMA is no secret. I find it to be a unique association that openly and generously shares industry knowledge and experiences. And through our wonderful Association and interaction with all of you, I've learned; I've brainstormed; I've laughed and I've celebrated. It is my privilege to be involved with such a fine group. If you share my enthusiasm, please show it.

It is not my intention to interfere with your marketing efforts; rather to encourage you to proudly wear your HMA membership on your sleeve, and tout your HMA membership whenever and wherever possible by incorporating the logo into your marketing, advertising and promotional materials.



The logo is available for download at www.HMAmembers.org. Or contact the HMA office, 412.244.0440, and they will forward the camera-ready artwork to you, your marketing department or your go-to printing service. It's that easy.

I look forward to seeing you in March at HMA's National Conference and Expo. Until then, have a blessed holiday with your families, and here's to a 2016 filled with good health and prosperity for us all.

Joining the ranks of the HMA

Welcome new member, **Ozark Wood Fiber, Ilc.**, of Goodman, Missouri. Mill Manager Joe Conway will serve as the company's main contact, and we hope that Joe and others from Ozark will find their way to Fort Worth, in March. If you'd like to welcome Joe into the HMA fold, you'll find him at jconway@ozarkwoodfiber.com.

And welcome back, **Hartzell Hardwoods**, Piqua, Ohio. General Manager Kelly Hostetter, khostetter@hartzell.com, will serve as the company's main contact. Many of you recently spent time with Kelly at Hartzell's Piqua facility, a tour stop during HMA's Central Regional Meeting. We look forward to seeing Kelly, and others from the Hartzell operation, in Fort Worth in March. Welcome back!

March 9-11, we'll be hearing from the "Pros"

HMA's **2016 National Conference and Expo** will be convening at the Worthington Renaissance Fort Worth. That's where we'll be "**Navigating the Challenges**" confronting the hardwood industry. And all HMA members and industry stakeholders are welcome to participate.

On the dais to address **safety practices** will be the **Honorable Robert L. Sumwalt**, aviator, author, aviation/aerospace consultant and current Member of the National Transportation Safety Board (NTSB). Appointed to the NTSB in 2006 by President George W. Bush, and reappointed for an additional five year term by President Obama, Robert brings to the table extensive experience in both the private and public sectors as a "fierce advocate for improving safety in all modes of transportation, including" impaired driving, distractions in transportation, teen driver safety, and several rail safety initiatives.

Also joining the dais in Fort Worth is author, certified Risk Manager and Duncan Financial Group Vice President, **David R. Leng**. A 20+ year insurance and Risk Management veteran, David will be spotlighting various preventative maintenance programs designed to lessen risk and reduce costs. We look forward to his presentation as well as his participation in the Industry Confab.

Next month's *Link* will tell more of the NatCon story, but in the meantime, visit www.HMAmembers.org for the program schedule, hotel information, Conference Registration, etc., etc. This event is the perfect venue for those wanting to be part of the 'solution.' Make plans to attend, today.

What are you waiting for?

Early Bird Registration is up and running at www.HMAmembers.org. HMA members making the wise choice now will experience a **\$50 savings** on their National Conference Registration Fee. Don't delay. Reap the benefits of this "**Early Bird Special.**" Register to attend, today.

NatCon Sponsors answering the call

The list of 2016 NatCon Sponsors is getting longer, and HMA would love to add your company name to this impressive group. Please take a look to see who is going the "extra mile," and then call the HMA office, 412.244.0440, to discuss adding your support. A variety of sponsorship levels are still available. Call today.



At the **Exhibitor Event Sponsor** level, for the fifth consecutive year, is the Pennsylvania/Indiana Lumbermens Mutual Insurance Co., Philadelphia, Pennsylvania! In Fort Worth, they'll be manning Booth #19. Stop by and be sure to thank them for supporting the HMA to the max. (www.plmilim.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! A regular participant in HMA annual and regional events, visit them at Booth #26 **and** Booth #27 to discuss how USNR can take your facility to the next level. (www.usnr.com)



At the **Platinum Sponsor** level is Linden Lumber, LLC, Linden, Alabama! The "door drops" hanging in your Worthington hotel room will tout "Linden Lumber, LLC" plus include the Conference agenda at a glance. To Hugh Overmyer and company, thanks so much. (www.lindenlumber.com)



At the **Platinum Sponsor** level is HMA member Fred Netterville Lumber Company, Woodville, Mississippi! Past HMA president, Charlie Netterville, and company have opted to host the Next-Gen Reception, a fitting choice since current HMA Board Member, Matthew Netterville, served on the Millennial Council. (www.NettervilleLumber.com)



At the **Gold Sponsor** level is industry supplier Pierce Construction & Maintenance Co., Petal, Mississippi! They have opted to sponsor the In-room "Welcome" Amenities Conference participants will find in their hotel rooms. Look for them at Booth #1 and offer your thanks for their support and participation. (www.piercepcm.com)



At the **Silver Sponsor** level is Bill Hanks Lumber Company, Inc., Danbury, North Carolina! HMA past president, Jeff Hanks, and the fine folks at Bill Hanks Lumber will be sponsoring one of the Food Stations of the Vendor-Expo Café. Yum! (336) 593-2022

Destination Fort Worth and here's why!

Just steps from The Worthington Renaissance is Fort Worth's city center, the cleanest, safest and most walkable urban area anywhere. Day or night, it buzzes with people, energy and opportunity! Local attractions include:

- **Sundance Square** – This exciting 35 block expanse of red-brick streets, charming courtyards, lush landscaping and endless activity was recently named the best downtown in the nation, (according to livability.com), and touts over three million square feet of shopping, dining and entertainment.
- **Stockyards National Historic District** – For a taste of the old West, experience The Fort Worth Herd, the world's only twice-daily cattle drive, at 11:30 a.m. and 4 p.m. And don't forget the Cattlemen's Fort Worth Steak House, in operation since 1947.
- **West 7th** - Artfully authentic and offering a fresh and eclectic mix of great shopping, restaurants and nightlife, this trendy urban development links Downtown, the Will Rogers Memorial Center and the Cultural District.
- **The Cultural District** – Home to six museums, some devoted to Western heritage and the city's colorful past, the "District" is considered "the museum capital of the Southwest."

- **Transportation** is a breeze with **Molly the Trolley**, a free bus service that goes between downtown and local popular attractions. Visit molleythetrolley.com to learn more.

So get on board, literally and figuratively. See you in Fort Worth!

Regulations Hanging in the Balance

By Paul Impellicceiri

A.F. McGervey & Co., LLC

It appears that once again, Congress is waiting until the last minute to clarify tax legislation that has previously expired. And while it is anticipated that before year end they will act to extend a number of provisions, there are no guarantees. And that makes business and personal planning difficult.

Business provisions hanging in the balance include:

- **50% Bonus Depreciation** - This election has expired and is generally not allowed for tax years beginning on or after January 1, 2015.
- **Section 179 Expensing** has reverted to previous limitations of \$25,000. In prior years this limit reached up to \$500,000 and was an important planning tool for businesses that require consistent additions of machinery and equipment.
- **Research and experimentation** credits have expired.

Pending **Individual** provisions include the Educator Expense deduction, state and local sales tax deductions, particularly important for taxpayers in states with no income tax, and the ability to make a charitable contribution directly from an IRA, and exclude the distribution from income.

Implementation of the **Affordable Care Act** (ACA) continues. In 2015,

- Companies with **100 or more employees** are required to provide coverage to at least 70 percent of full-time employees, modify company health plans to make sure they are in compliance with the laws, and report requirements related to the benefits provided. Reporting requirements include information reported on W-2's issued to employees, as well as new forms that will be used to report coverage provided to the individual employees.
- Businesses with **50 or more employees** will also utilize the new forms to meet the requirements of the law. In addition, employers continue to be required to withhold an additional .9 percent Medicare tax for any employee who receives compensation in excess of \$200,000.
- Business owners with **25 or less employees** should review the regulations related to the Small Business Health Care Tax Credit. In certain situations, this credit can help cover the cost of providing health care coverage to their employees.

The implications to **individuals** include the requirement to carry qualified health insurance - or pay a penalty tax - and managing the effects of the net investment tax of 3.8 percent, if the taxpayer meets certain income thresholds. The net investment tax applies to interest, dividends, rents, capital gains and other forms of passive income. For higher income earners, this has become a significant issue.

Beginning in 2016, the ACA will have more of an impact on businesses as the act continues to be fully implemented. Companies with 50 or more employees will become subject to many more of the provisions of the act, and need to move quickly to make sure they are in compliance.

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.

Hardwood Federation Update

By Dana Lee Cole

Hardwood Federation Executive Director

The end of the year is in sight and Congress is starting to wrap up business. Hardwood Federation (HF) thought now might be a good time to “catch up” on issues that have not been front-and-center in our communications. So, as we go to press ...

Transportation-Truck Weights - A long term issue for the wood products industry has been increasing the maximum allowable weight on trucks, currently set at 80,000 pounds on 5 axles. Unfortunately, the proposed amendment to the Highway Authorization and Funding Bill, that would have allowed states to pass legislation authorizing 91,000 pound rigs on 6 axles on their portion of the interstate highways system, failed in the House in early November. The 6-year Highway Bill is now in the midst of a House –Senate conference committee to iron out the differences in the two versions. If signed by the President as expected, it is unlikely new efforts to raise weights will be resurrected in the near future, without a viable legislative vehicle.

Waters of the U.S. (WOTUS) - In 2014, U.S. EPA proposed new rules to clarify which bodies of water fall under federal Clean Water Act jurisdiction and which do not. The new rule, which became effective in August 2015 and was supposed to once and for all clear up this longtime “jurisdictional” question, did the opposite and further muddied the waters.

This issue has been a huge concern to forest landowners. Areas in the vicinity of thinning or harvesting activities, and wet only a few times a year, could potentially require additional permitting and record keeping—both of which are time consuming and costly.

The final rule has been roundly criticized by the entire regulated community as making an unclear situation even worse.

- Fourteen (14) multi-industry groups filed suit against the rules.
- In October, the Sixth Circuit Court of Appeals stayed the rule from being implemented.
- The Senate passed a joint resolution, mostly along party lines, that overturns the flawed WOTUS rulemaking.

The House will now take up the resolution. And as the President is unlikely to sign this rule, it’s mostly a symbolic issue. It is interesting to note however, which members of Congress crossed party lines on this issue. Democratic Senators Joe Donnelly (Ind.), Joe Manchin (W.Va.) and Heidi Heitkamp (N.D.) voted in favor of the resolution. Republican Susan Collins (Maine) voted against.

Biomass – Clean Power Plan - Several weeks ago, EPA published its final **Clean Power Plan** in the Federal Register. This is a huge rulemaking that sets for the first time ever, greenhouse gas emissions limits on coal fired electric utilities.

Along with the final rules was a proposal, which EPA is seeking comment on, that will guide states in their efforts to bring the electric utilities within their borders into compliance with the rule. In this document, EPA poses a number of biomass questions and scenarios that they would like to receive comment.

One of EPA’s concerns is that if they deem sawdust to be carbon neutral, coal fired utilities and bioenergy players will siphon the sawdust, now going into making particleboard, toward pellet production. From a greenhouse gas perspective, EPA would rather have those sawmill

residuals locked up in long lived building materials rather than converted to pellets and burned. This is one of many challenges we as an industry face in the context of the Clean Power Plan, and the Hardwood Federation will be commenting on the proposed guidance.

More drastic action has been taken by state governments. A coalition of 24 states and a power company are suing to stop the Obama administration's Clean Power Plan, calling it an unlawful federal bid to control state power grids. Moreover, the House is on track to consider two resolutions to overturn this massive regulation. Assuming they make it to the President, he will most certainly veto them.

What about Trans-Pacific Partnership & Export-Import Bank?

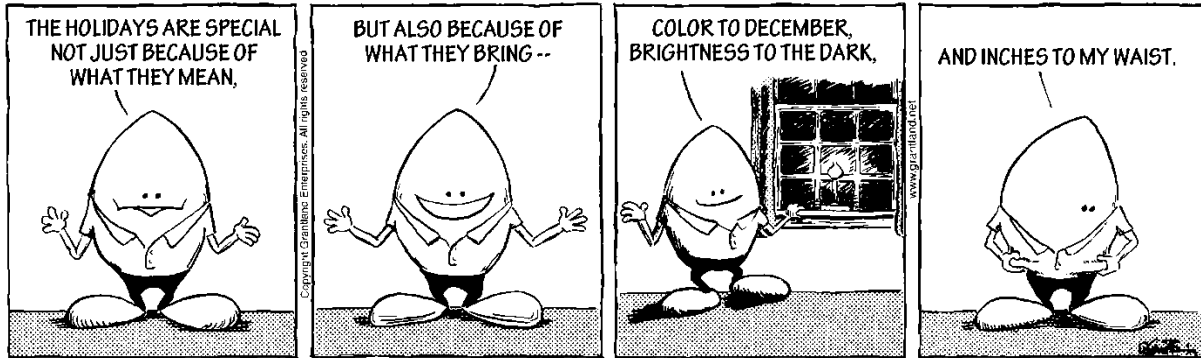
Early in November, the Obama Administration released the full text of the Trans-Pacific Partnership (TPP), and sent notice to Congress that the President intends to sign the agreement. This action starts the 90 day clock on the Congressional review period mandated under Trade Promotion Authority (TPA) legislation signed earlier this year. As you can imagine, the TPP document is quite lengthy. HF staff, along with association partners, is reviewing the text for potential implications on hardwood forest product manufacturers, particularly in the areas of market access and illegal logging. As soon as we have a better read on what the agreement means for us, we'll communicate that to you.

But up on Capitol Hill, new leadership on the House Ways & Means Committee is also delving into the specifics of the agreement. Rep. Dave Reichert, the new Ways & Means Trade Subcommittee Chairman, indicated that determining whether the Trans-Pacific Partnership meets all of the requirements laid out in trade promotion authority will be the subcommittee's top priority. In recent interview Reichert said, "Our efforts in reviewing the TPP language had just begun a few weeks ago. It's quite a complicated document, so it's going to take some additional review and I imagine we'll work right up to end of the 90-day period."

Export-Import Bank: The currently expired Export-Import Bank will be given new life when President Obama signs legislation reauthorizing highway programs, before the end of the year. Both the House and Senate versions contain language reauthorizing the bank, which has come under increasing criticism by conservative Members of Congress and outside interest groups as "crony capitalism" and distorting the free market.

Supporters of the bank have been pushing back on this criticism, signaling that the bank maintains a level playing field for U.S. companies, since foreign competitors enjoy similar support from their governments. A full-on lobbying blitz, by groups like the National Association of Manufacturers, in support of extending the bank's charter is likely to be successful as conference committee negotiations wrap up and a final bill is sent to the President.

GRANTLAND®



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
Fax: 412.244.9090
www.HardwoodInfo.com
www.HMAmembers.org

Darleen Licina-Tubbs
Editor
Darleen@hardwood.org

Follow us @AmericanHardwds

