

|  |
| --- |
| **Hardwood Federation – December 2023 Newsletter** |

|  |
| --- |
| **From the Executive Director:** *Congress Compiles Long “To Do” List for 2024*Although the U.S. Senate remained in session during the week leading up to the Christmas holiday, House lawmakers headed home on Friday, December 15, and simultaneously pushed consideration of several key priority issues into 2024. This delaying tactic has set up a risky legislative strategy for an election year, when incumbent lawmakers tend to spend more time focused on the campaign trail than moving forward with a substantive policy agenda. Although lawmakers finally passed the National Defense Authorization Act (NDAA) before heading home, knocking out a major defense policy priority while including provisions that promote mass timber projects, other high-profile items remain. Here’s a preview of what to expect next year: Farm Bill 2024 – Advocating for the farm bill will remain the top priority for the hardwood industry. Lack of agreement on a FY 2024 budget (see below) combined with a chaotic process to elect a House Speaker pushed the farm bill aside this fall. That said, congressional agriculture committee leaders including House Chairman GT Thompson (R-PA) and Senator Debbie Stabenow (D-MI) are committed to pushing a package across the finish line in 2024. Because many key farm programs are currently subject to a continuing resolution until October 2024, lawmakers may have the flexibility to resolve anticipated roadblocks such as funding for the Supplemental Nutrition Assistance Program (SNAP). The forest products industry expects to be successful in advocating for lower profile, non-controversial programs, including those that recognize the carbon storage value of wood products, promote hardwood exports and support biomass energy.  FY 2024 Federal Budget – Finding common ground on a federal budget will monopolize lawmakers’ attention when they return from the holidays. As of publication, lawmakers still haven’t agreed on top line numbers for the budget. This doesn’t bode well for January, considering that disagreement over accounting related to the $1.59 trillion budget cap agreed to by former Speaker Kevin McCarthy (R-CA) and Democrats created a game of hot potato with the Speaker’s gavel in October. Business Taxes – Even though history shows that Congress usually addresses tax issues at the end of each calendar year, there is currently no tax package in play during the last days of 2023. Congress typically attaches tax items to end-of-year budget deals, which we know will not pass until 2024. However, with looming federal government funding deadlines early in the New Year, we expect action on critical business tax incentives like full expensing (100 percent bonus depreciation) and the research and development tax credit. See the article below for details. Foreign Aid and Border Security – Another looming issue this fall has been disagreement over a $100 billion package to aid Ukraine, Israel and Taiwan backed by most congressional Democrats. Republicans, however, are insisting that border security measures be included in the mix, which has resulted in a stalemate that will roll into next year. This will impact timing for the farm bill and business taxes, the two key carry-over priorities for hardwoods. Transportation – Although not as pressing from a Hill perspective as the budget or taxes, passing transportation legislation has also fallen by the wayside this fall and is being pushed into 2024. Industry supports a “supply chain package” that passed out of the House Transportation Committee earlier this year which will expedite issuance of commercial drivers’ licenses, enhance protections under the Ocean Shipping Reform Act and establish axle weight flexibility to facilitate delivery of dry bulk materials, including wood chips. **Issues:** Reps. Tiffany (R-WI) and Kuster (D-NH) Introduce Hardwood Access BillAs the year winds up, Reps. Tom Tiffany (R-WI) and Annie Kuster (D-NH) introduced The Hardwood Access Program, a hardwood industry-specific bill intended to grow demand for hardwood products, specifically, in the form of a Hardwood Access Program (HAP). The bipartisan legislation, if passed, would authorize grants totaling $25 million over a five-year period and fund proposals that bolster domestic industry efforts and research that directly supports end-user information on the benefits of hardwoods. With a House bill in hand, the Federation team will take another run at finding sponsors for a companion bill on the Senate side.  Although fiscal constraints will make it very difficult to move HAP legislation as part of the farm bill, the legislation will serve as a high-profile vehicle to educate Congress on the benefits of hardwood products.  This will lay the groundwork for enactment in future years.  USFS Announces Plans to Revamp Forest Management Plans, Creates UncertaintyOn December 19, the Federation participated in a call with U.S. Forest Service (USFS) Chief Randy Moore and staff rolling out a [Notice of Intent](https://public-inspection.federalregister.gov/2023-27875.pdf) to “amend all 128 forest land management plans to conserve … old-growth and mature forest conditions on national forests… nationwide.” The notice will be subject to comment through February 2, 2024. Chief Moore stated that the proposed amendment will help the agency focus on the impacts of wildfires and climate change. The agency’s latest action follows in the wake of development of a comprehensive [inventory](https://www.usda.gov/media/press-releases/2023/04/20/biden-harris-administration-announces-new-steps-climate-resilience) of old growth and mature forests which shows that the USFS manages almost 25 million acres of old growth and over 68 million acres of mature forests on federal lands falling under its purview. These numbers show a decline in the number of acres of old growth forest from an estimated 32 million acres and mature forests in the amount of 80 million acres, prior to release of the inventory. Unfortunately for industry, the decline in acreage could motivate federal regulators to clamp down on logging activity in an effort “to restore” lost acreage of mature and old growth forests. The agency’s notice creates more uncertainty, undermining optimism spurred by a report released just a few weeks ago. On November 8, the Forest Service presented the findings of their [threat assessment](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Fu19539728.ct.sendgrid.net%2Fls%2Fclick%3Fupn%3D-2B73de0dREQUDGWQfTM3mho8VUcxNvEVwEWLODOjOlYR0kCG-2BCeh3lLEhvzt9U7A-2BzeUDtBjT5xefuVDRTjt9oeJMZp7scwpM43f16-2B-2FCSi4-3D28Tf_DfShkWCAhoLGP-2FJNrdlPJdV-2FLULhdq7A2Mns4NO8kAbKoy2hBWCjup-2FdSJ4mtav3QZgwkC4yOhBCK4lj-2B12aQp6v15nQ3aDdJhXbhnrmvW5d4qJN9Ty4ntV1QclVZLrkx9R5LpAbJJL-2FDDCa7VyOwNmJ-2FB56ymGmxaKX6PkszvkdxXFq9lh7RwYFn-2FwNqdTy0Nw6bCojId0oQzr4Ew0sMrZzwgCuiVuBKyRjzCCyubZhYhca5-2Fnq6BSJfqta-2FNTkZ9-2FjxzmJIk-2BUPAdVC6g2XQowVbPIGuQLkWuA-2BE-2FINgv8cpJXkl01W-2FFalmGY45vpbhD-2BTQ72DsWHruxsbJj4yOAA2WG3cY6w6FbqVFGnETAdThoEIZfbXrQ4Zln-2B7OzBFc0uCjPyuUnhg5-2FPjJ4yN6BjvXFTEyBDIQS9mQyUrTeYd-2BVAdGmNicVESqWmvkmBFpmP65cPeIFSm2tydDg1AEB5J86wDRGZUXZbY3HDwetKaZXpiCucd0fGM3od8FDCkoT4u174Gr63Zct7x5nVDc3oKg-2Fz1GCurYjCAEO6oq92b-2FdSsqmXXOCxhKgpard9mku210G60244ZSdvbYTGxZ8j-2FGK9N0snCuN-2FCIN8TGc2F2Hap5eXZg4L5smfz0DKL-2Byu04vtQpfIkZUTfgXHSw-3D-3D&data=05%7C01%7Cbryan.brendle%40hardwoodfederation.com%7C8b7c1d8bec484cd07e0308dbe6bf429b%7C21432cc7b4084b2d92409f556e3dd6cb%7C0%7C0%7C638357481369179623%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=CS0oQmuzMAugAoSvlRkDw0k4FNubGj7G%2FsO62XXWR9E%3D&reserved=0) for mature and old growth forests, which identifies wildfires and pest infestation as the leading causes of old growth forest loss, a point underscored by Chief Moore on December 19.  The November presentation followed review of input received on USDA proposals this year related to climate resilient forests, on which the Federation submitted [comments](https://hardwoodfederation.wildapricot.org/resources/Documents/USFS-ANPRM-Climate-Resilient-Forests%20-Final-2.pdf) this summer.  At this time, industry stakeholders are viewing the USFS findings as another justification for improving forest management to reduce wildfire and infestation risk. The Federation will keep you posted on next steps related to mature and old growth forest policies. ***Hardwoods Take E.U. Deforestation Rules to the U.S. Trade Representative***On November 28, the Hardwood Federation and the American Hardwood Export Council (AHEC) met with officials at the U.S. Trade Representative (USTR) to discuss the industry’s concerns about the E.U.’s now final deforestation rules. The regulations will, among other things, require geo-location of fiber included in the manufacture of wood products.  The USTR agrees with the hardwood and other impacted industries that the rule is ill conceived and sets up unachievable compliance hurdles.  Trade officials also shared their ongoing efforts to push back on the rule and asked that the hardwood sector keep them appraised on efforts to engage E.U. industry partners.  The USTR meeting follows an informational session for forestry allies held on October 30 where the AHEC team shared their challenging experiences working with the E.U. and proposed solutions for meeting the standard.  The forestry group agreed to meet periodically to coordinate communications and share information related to the new rules. The Federation will keep you posted on developments as they unfold.House Lawmakers Keep Sights on Business Tax FixAlthough there’s no end-of-year tax package in play, on November 29, Rep. Rudy Yakym (R-IN) made a last ditch effort by leading a [letter](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Fu19539728.ct.sendgrid.net%2Fls%2Fclick%3Fupn%3D-2B73de0dREQUDGWQfTM3mht2F1H7W016TSXMQgLeo4Jmdcug-2FbxmOZ8yDfXyhMVsRJpLQ4VF8pqiOgJ9S9iXmoe5iJZujm0u7QB1JHvPNl6eKoRhX-2F-2FGgWpyY6wcohKhjMcHoPQY-2Bib235V-2Fzo-2Fhxd3mpLhtwItDehODR-2FCKJcuRhq7Bf0LUw672mgK2Z7vaYyGH-2FXZEOrw0U0uoAH2jzdQ-3D-3DO7Dj_DfShkWCAhoLGP-2FJNrdlPJdV-2FLULhdq7A2Mns4NO8kAbKoy2hBWCjup-2FdSJ4mtav3QZgwkC4yOhBCK4lj-2B12aQggDdD64FgXGZqPKQ4BNHjyEN1-2FU1EcQTHBnI6mkTztGcRHLWgQmQpVkajaAEKPHtbawZ7W5ws-2FijsQYi9j4a4AktesXoVN17vMtUS9utB6sOi8me4Bz5JZowF91sjJ3j2IwMoFuHE7blxyg753v5NfCmFp7nsiRayM5YNAsV4yXc4DK4owPTtjUW4aqk5m0P-2FDndQu35ga6DGcoKWIpHHG8nsHSczX5PLYralo6Dv08bPulr6aXGE5zn59rjNqSG78Z0q61eQjO-2B3yzv4iq77g4OC7i4RW81SgQrXb7AE7xM8f6BOUmFGq9bWTnXD-2F9gohGdjbdWA11fKXdrDJuHsBxv-2Fxgds2eLZyhv9vehEbbzyWQ9qtXKvoLK7iFYetxlZFOv1QSyR3ixNGbhi9T6sZzX8G4WPOP7lwudg-2Fq-2BtnfsQZll3bOghRrbqbT1IwRWJGg6QJg7fBr2p1EnCYKqf-2FCDx5-2BdAhA3EIeY2YVqighMBaj9odoEBUyh-2BdHPr3JUsE5okI39HJRbuizStCA3pR5rq3Q3cUzuU3v-2BDPUnJBOa6KBxnffPAY7RqZOsOva-2Bw-3D-3D&data=05%7C01%7Cbryan.brendle%40hardwoodfederation.com%7Cbbe48465763f43d05fe908dbf7480d37%7C21432cc7b4084b2d92409f556e3dd6cb%7C0%7C0%7C638375661062496675%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=ZIJlueGOe5b2IWAMP9eD80UH5QHBXCLH3wZMP1i3ZHo%3D&reserved=0) which was signed by almost 150 House Republicans to House Speaker Mike Johnson (R-LA) urging action in December on the expired and expiring business tax breaks that were authorized by the Tax Cuts and Jobs Act of 2017. This end-of-year push will likely provide the benefit of placing tax issues high on the priority list going into 2024. Because Rep. Yakym sought to demonstrate that there’s broad based support for the tax fixes, none of the signatories sits on the House Ways & Means Committee.  These fixes include restoration of 100 percent depreciation of equipment, the R&D Tax Credit which lapsed in 2022, and restoring full business interest deductions, known in tax world as Earnings Before Interest Taxes Depreciation and Amortization (EBITDA).National Defense Authorization Act, Mass Timber Projects, Cross the Finish Line Although final passage of the National Defense Authorization Act stalled earlier this fall, federal lawmakers finally pushed the package across the finish line on December 14, checking a single item from its long list of “to-dos” before breaking for the holidays.  Fortunately for industry, the final [text](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Fu19539728.ct.sendgrid.net%2Fls%2Fclick%3Fupn%3D-2B73de0dREQUDGWQfTM3mhvS4mWPXI3UGbPGbKB3uPGiDrJXSfD0650m9dOgAoyvak-2F1OdAxoGUAE7mjBR-2FSl-2B1bNBrrztQL4zGF7qc4m7-2FRJHVMSLmcsTSws3PDeQ3jooLGrwHb6mRSUgKaZ2PbBUIsU-2F4rGpHTI1baSGskU1xc-3DiZH2_DfShkWCAhoLGP-2FJNrdlPJdV-2FLULhdq7A2Mns4NO8kAbKoy2hBWCjup-2FdSJ4mtav3QZgwkC4yOhBCK4lj-2B12aQggDdD64FgXGZqPKQ4BNHjyEN1-2FU1EcQTHBnI6mkTztGcRHLWgQmQpVkajaAEKPHtbawZ7W5ws-2FijsQYi9j4a4AktesXoVN17vMtUS9utB6sOi8me4Bz5JZowF91sjJ3j2IwMoFuHE7blxyg753v5NfCmFp7nsiRayM5YNAsV4yXc4DK4owPTtjUW4aqk5m0P-2FDndQu35ga6DGcoKWIpHHG8nsHSczX5PLYralo6Dv08bPulr6aXGE5zn59rjNqSG78Z0q61eQjO-2B3yzv4iq77g4OC7i4RW81SgQrXb7AE7xM8f6BOUmFGq9bWTnXD-2F9gohGdjbdWA11fKXdrDJuHsBxv-2Fxgds2eLZyhv9vehEbbzyWQ9qtXKvoLK7iFYetxlSBi1FlR88Ox23hBBlKg4uWptl2FY8HxAhV0Pd0vJUvekCDTmMx3-2BitVkFpqRdRypfOER0JTMqQP66XedSR4BCdhxKsTnL01UoTHacw713SFg8AvZmUAU3BPH2nfWXOfb1ZxkyN7SNx8-2BaRnj48bl-2FLan-2FpVIN5Wt8bSJUmoVDSB01wjzeHmg61GrLP9tI7BcQ-3D-3D&data=05%7C01%7Cbryan.brendle%40hardwoodfederation.com%7Cbbe48465763f43d05fe908dbf7480d37%7C21432cc7b4084b2d92409f556e3dd6cb%7C0%7C0%7C638375661062652926%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=xKwQNjXuwvFYSgDpmkByn5chz6J0wDjN9zzIwJlbwTg%3D&reserved=0) covers the forest products sector’s top priorities, including programs that promote mass timber construction projects. These pro-industry provisions will authorize a continuing education curriculum and pilot program for sustainable construction materials, with a focus on mass timber.      Hardwoods, U.S. Chamber Review NEPA LegislationOn November 29, the U.S. Chamber conducted a coalition meeting featuring Rep. Rudy Yakym (R-IN), who co-introduced the “Studying NEPA’s Impact on Projects Act” [H.R. 6129](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Fu19539728.ct.sendgrid.net%2Fls%2Fclick%3Fupn%3D-2B73de0dREQUDGWQfTM3mhiP35T9D6cCGlUuH1sR11AUE65hEU8RvOjx-2FjGZWF7ihIbXv22ZCg6ZcIzaJheyQAiph-2BRcu-2B643QW0vOiQHQ9nf-2B-2FzIcbpqYmPHYReKyXEabzklziy6w006CRb79E2mTspORnVD41592VvJPnG0z2J1yTmVhd7NXb9Ft58GJk-2BCQwsjjlIlpDen-2BSvg1jfgpA-3D-3DO1XK_DfShkWCAhoLGP-2FJNrdlPJdV-2FLULhdq7A2Mns4NO8kAbKoy2hBWCjup-2FdSJ4mtav3QZgwkC4yOhBCK4lj-2B12aQiKsjmJnffw9sOgBen0LLXf3GuPwPHEV2jRaYduHjNzTOlvp4yuWz4rlgDXQpZ7Nf0edZH6kzHJCTdbePVMygYIBSM9BqJiZy00gjK1C3GqCvY-2BeLWJrAjO1lwyuLeXjQpu4f7ckTT71abQLcJ29pqeYzjQG22jGcXuq-2BUPUlO15yh5Ot-2FJfM-2FZ7j-2BlEslfHsQhAUJ65xiiCwosYEjkwyr4xPDGiefNE1UUXovglFn0H31xZtckOPHsX-2BV7Ps-2B3p2gjprjcDmTYRoY8MJDJ5oQtsE2HlvHZNtIWP13r8-2Bf-2BwYnpFmjYlmIxc1u8sCoNFW7Ox-2BMDxzZTBqEDc2-2FnVZwef3Vm7pe-2BkUgAD-2B7WjttSLf6-2BA1L37eU-2B0R1X1H-2FqL4H6inI1SXaYhtLKJy23NFMK4YR-2BGpIOiHshsnVllb-2BYsYYMz6q4an8jsjpv49mKlRZL-2Fd18GsAvxfv-2F9q-2F8l8-2FUut9f9Aorv3RF1ZEl2-2F-2FPo24tLiX6PKZAVd2hHEl3-2FNK2O87c49bLAbx4nunFR3WN9m1Ln5kY-2F4g0VmIDAtQYai4GHOcFuYFt12LFvCz6Uxg-3D-3D&data=05%7C01%7Cbryan.brendle%40hardwoodfederation.com%7C59123485131a4905d6e008dbf1cab00e%7C21432cc7b4084b2d92409f556e3dd6cb%7C0%7C0%7C638369625078028789%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=mJZSdaiqgKgB2cMofnNXcUw19oL95bs1SIYKCvUffvg%3D&reserved=0) with Rep. Jim Panetta (D-CA).  The bill promotes transparency in the federal permitting process by requiring the White House Council on Environmental Quality to compile a report on NEPA-related litigation, including a breakdown of their outcomes, to expose frivolous lawsuits that can add several years to the NEPA review process.  It would also require reporting of aggregate page counts for permits and account for the length of time used to produce Environmental Impact Statements (EIS), which form the basis of NEPA permits.  Rep. Yakym hopes to advance the bill by driving co-sponsors and possibly attaching it to a FY 2024 appropriations bill. ***Hardwoods, Small Business Allies Oppose Corporate Transparency Act Mandates***On November 16, the small to medium sized business community, including the hardwood industry, repeated its [request](https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fhardwoodfederation.wildapricot.org%2Fresources%2FDocuments%2FJoint%2520Trades%2520Letter%2520-%2520CTA%2520Delay.docx&wdOrigin=BROWSELINK) to Congress to delay implementation of the Corporate Transparency Act (CTA), a little-known federal anti-corruption law enacted in 2021 that takes effect in January. HF also signed on to a previous letter to House and Senate leadership asking for an implementation delay. That said, political pressure is growing, given the fact that the compliance date is quickly approaching. The American Institute of Certified Public Accountants (AICPA) sent this [letter](https://nam11.safelinks.protection.outlook.com/?url=https%3A%2F%2Fu19539728.ct.sendgrid.net%2Fls%2Fclick%3Fupn%3D-2B73de0dREQUDGWQfTM3mhh6m9zxoXreOTGPLzFY-2B-2FYRVOgNAJ19K5tp68ggmZh-2FKDX242tB3eDN1yQTQDVMmwtsuCthxqwcknP44-2BVumlUytt4roHHz6H035I3HhPxWOPWUIXCVPD1KwEIpInQjYBpCXtPBfAW1P4bE5w4phiBD7Dny8d-2BqZ6ck3PfnfhYpQ9fVw_DfShkWCAhoLGP-2FJNrdlPJdV-2FLULhdq7A2Mns4NO8kAbKoy2hBWCjup-2FdSJ4mtav3QZgwkC4yOhBCK4lj-2B12aQp6v15nQ3aDdJhXbhnrmvW5d4qJN9Ty4ntV1QclVZLrkx9R5LpAbJJL-2FDDCa7VyOwNmJ-2FB56ymGmxaKX6PkszvkdxXFq9lh7RwYFn-2FwNqdTy0Nw6bCojId0oQzr4Ew0sMrZzwgCuiVuBKyRjzCCyubZhYhca5-2Fnq6BSJfqta-2FNTkZ9-2FjxzmJIk-2BUPAdVC6g2XQowVbPIGuQLkWuA-2BE-2FINgv8cpJXkl01W-2FFalmGY45vpbhD-2BTQ72DsWHruxsbJj4yOAA2WG3cY6w6FbqVFGnETAdThoEIZfbXrQ4Zln-2B7OzBFc0uCjPyuUnhg5-2FPjJ4yN6BjvXFTEyBDIQS9mQyUrTeYd-2BVAdGmNicVESqWmvkmBFpmP65cPeIFSm2tydDg1ACSZGddhrCDOcGuV1a1dbmsokY-2BEiaPfBnMte2NKCPF1g6IMV8UF53ALaLryepEGDKvYv38eUGYH1-2FDCJT8ctJe8Vq4zgEHi1gfScac8QGCiZknlJchg0uUbzwG3J25tzX2-2FZmR9brUGcx8llz43xaIQAg1uLudVDbQlezdprqxLmDQbyNyj9IAFJGu8mJp-2BOw-3D-3D&data=05%7C01%7Cbryan.brendle%40hardwoodfederation.com%7C8b7c1d8bec484cd07e0308dbe6bf429b%7C21432cc7b4084b2d92409f556e3dd6cb%7C0%7C0%7C638357481369023373%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=UppJ8uE4%2FBkb2wEUeD5skcy2ZWWCt9OcsNVU4jP%2BHhQ%3D&reserved=0) to the Financial Crimes Enforcement Network, the implementing federal entity at the Department of Treasury, on October 30 outlining its concerns with FinCen sticking with the statutory deadline for compliance. The issue is CTA’s multiple reporting requirements have not been well socialized. The Federation will keep you posted on developments related to the rule’s implementation and possible delays.    |
|  |