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| **Hardwood Federation – July 2023 Newsletter** |

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| **From the Executive Director: *Hardwoods Have Captive Audience in August - Opens Window to Pitch Hardwood Access Program, Save Exports***  As Congress breaks for the August Recess and returns to the states where they will spend all their time focusing on constituents, be on the lookout for your federal lawmakers as they make the rounds in your state and hometown. In the event you see your elected officials, be sure to drive home the need of the Federation’s key ask for 2023, which is to establish a Hardwood Access Program that will authorize grants to educate the public on the economic and environmental benefits of wood products. Given the harsh fiscal climate that will bleed into the farm bill debate, it’s also important to emphasize the need to safeguard funding for USDA’s export programs. The memorandum outlined below will give you important information to help initiate a productive conversation with your lawmakers.  **Market Conditions Set the Stage for Education Program**  The U.S. hardwood industry has been under tremendous pressure for 15 years, first as the result of the 2008 economic crisis, followed by international market declines during the U.S.-China Trade War. The rise of competing non-sustainable competitor products, impacts of Covid on export capacity, and continued efforts of the environmental community to reduce harvest of our raw products have all driven domestic consumption of American hardwood products to all-time lows. U.S. Consumption of grade lumber has declined from almost 7 billion board feet in 2000 to less than 2 billion board feet today. Not only has this decline impacted hardwood companies, but it has also impacted those that depend on our viability for jobs and the many rural economies that depend on the forest products sector for survival.  The U.S. hardwood industry is comprised of proud and independent individuals located from coast to coast. The industry does not ask much from the government. However, we are at a crossroads, and it is time for our federal representation to support our industry, our companies, our employees and our communities.  Federal Legislation Is Needed to Even the Playing Field  The industry asks members of the House and Senate Agriculture committees to allocate the funding for a competitive grant program in the Farm Bill to support consumer education about the sustainability, low carbon footprint, domestic production and rural economic impacts of U.S. made hardwood products based on the successful ACER Access Program for the domestic maple syrup industry. The Hardwood Access Program would support research efforts related to the environmental and health benefits of domestically produced hardwood products. It would also support increased U.S. Forest health, meet carbon reduction goals by storing carbon in long-lived wood products, and provide consumers the data and information they need to make sustainable purchases for their home and workspaces.  How the Plan Works  Non-profit organizations serving the U.S. hardwood sector, universities and research organizations would be eligible to receive funds to conduct research related to environmental and health benefits of domestic hardwood products, research related to consumer attitudes and knowledge of hardwood products, promotion of research to the public and potential consumers, demonstration projects highlighting environmental and health benefits of hardwood products. The industry is asking for a relatively modest $25 million over five years to support this effort. This is a small amount for an industry that has contributed so much to our nation.  Exports are Key to Economic Growth  As lawmakers look to pare down costs from the farm bill to meet spending reduction goals, hardwoods must defeat any effort to reduce funds that support the USDA’s Market Access (MAP) and (Foreign Market Development) Programs. These are successful export programs with proven track records that help open markets up for U.S. agricultural products overseas, including hardwoods, and are crucial to the funding of the American Hardwood Export Council (AHEC).  If lawmakers downsize these programs, they will undermine the health of the U.S. economy and contravene rationales for restoring fiscal responsibility to Washington.  Stump Speech for Your Federal Lawmakers  In the event you have a brief window to lobby your elected officials, here are the key points to drive home:   * A hardwood education program kills two birds with one stone: it will help grow jobs in rural communities in my state and improve the environment. * A hardwood education program will give the industry much needed data to support sustainable forest management and the positive benefits of using wood products in home and workspaces and push back on false narratives. * Downsizing USDA’s export promotion programs would impede our ability to export sustainably harvested hardwood products around the world and lead to customers choosing less sustainable and legally harvested alternatives.   ***The Corporate Transparency Act to Impose Business Disclosure Mandates***  Pursuant to the Corporate Transparency Act of 2021, significant reporting requirements, due to take effect in 2024, will apply to small and medium sized businesses and have largely flown under the radar screen. The purpose of the law is to combat money laundering, tax fraud and other corruption as well as terrorist activity. In general, the law requires most existing and new corporate entities in the U.S. beginning January 1, 2024, to file reports with the Department of the Treasury’s Financial Crimes Enforcement Network, or FinCEN, regarding their beneficial owners, specifically. Congress enacted the law to prevent criminals from wholesale exploitation of corporate structures such as shell and front companies to hide their identities and move money through the U.S. financial system. Because many U.S. states do not require corporations and similar entities to disclose information about their beneficial owners, Congress concluded that federal legislation was necessary to fill in the gaps.  So, who must comply? Generally speaking, every existing, amended or new corporation, Limited Liability Company (LLC) or other entity created by filing registration papers with a secretary of state (or foreign entity registering to do business in the state), must file a report with FinCEN. The report must include the business name, current address, state of formation and Employer Identification Number of each entity, as well as the name, birth date, address and government issued photo ID (such as a driver’s license or passport) of every direct or indirect beneficial owner of the entity. The law defines “beneficial owner” as any individual who, directly or indirectly, either exercises substantial control over the reporting company or owns or controls at least 25 percent of its ownership interests. Although the required information is not terribly onerous, what has the business community’s increasing attention is the penalties for non-compliance. Failure by a “reporting company” to comply will result in fines of up to $500 a day capped at $10,000, and up to 2 years in jail. In terms of timing, Reporting Companies created or registered *before* January 1, 2024, will have until January 1, 2025, to file their initial reports. For Reporting Companies created or registered after January 1, 2024, these entities will have 30 days after creation or registration to file their initial reports.  So, who will have access to the beneficial ownership information (BOI) submitted by reporting companies? All information that is reported to FinCEN will **not** be public, and it will **not** be subject to disclosure under the Freedom of Information Act. FinCEN will be required to keep the filed information secure in a restricted-access database. Federal agencies will be able to access the database for certain purposes, including national security, intelligence, law enforcement and, perhaps most noteworthy--tax administration. State, local, and tribal law enforcement agencies can also obtain access, but only with a court order. Banks and other financial institutions can request specific BOI, but only with the Reporting Company’s consent.  It is worth noting that there is an effort afoot to put the brakes on implementing the CTA. A lawsuit initiated by the National Small Business Association to block implementation is in its final stages, and members of Congress have raised concerns over the rollout of the regulations. However, there is no legislation pending to overturn or block the new law. Your Federation team will be closely following action on this issue and will regularly report on developments. A final rule implementing the BOI reporting requirements was finalized in September 2022. More information may be found here: <https://www.fincen.gov/boi>.  **Issues:**  **House Lawmakers Support “Carbon Neutrality of Biomass” Classification**  On July 13, the House Appropriations Subcommittee for the Interior, Environment and Related Agencies released a Fiscal Year (FY) [spending bill](https://u19539728.ct.sendgrid.net/ls/click?upn=-2B73de0dREQUDGWQfTM3mhvS4mWPXI3UGbPGbKB3uPGgMMQXZzkMdGT1LerCaQvNV2FeTEW-2BtNEzf-2Fmko3FcxGsv4bE-2FUUxz9Cliojhd2s4mUspLjB8yQPV8VChY-2BgsmT2yoE_DfShkWCAhoLGP-2FJNrdlPJdV-2FLULhdq7A2Mns4NO8kAbKoy2hBWCjup-2FdSJ4mtav3QZgwkC4yOhBCK4lj-2B12aQiClTmpamvdNyL5CHy8po-2Bhe-2F9QlGPQzMrJyiT-2Bm-2BqFcHUOB0Z3Y8bUfZew19NoaEs8na01x5-2F8rYyWvqE8bqPsvJocoZWxrcJYGXflw5rF4IN1ZjxvhTfsCFhr3qDBHgDrdIe1qiPrkWJ9njqqJLGCsQ0Ht76QkjsbXk-2FwWhC87NDU14GF6dOgCEx7yNHOrUROKLGrnJQgv3sQPa4YmafyxkyBoTfGDASGPJH3-2FBrLyy3UUXXmh5oO3BK3uFzenFL2paSReTxjke3bbxr84kBDvqspmnltnvFUfTJlGP7uLwq0mJ6x75t19z-2FaEtvQU9uWUCUowCP-2BUg35tTf84zPQPNx1wdMDerzQtRdtMQk-2B3T9BMt5HpY2a91vCu1Ofo09HZQnxfqXo-2Bna7FSk8O-2FZaKuGygPEQ4-2Bgjj76DY0QLeTWVyOpJBMZaVKgFTkMqg3Y-2Bd-2BVgK1cI5pXBHTfeO3civQ3gdSZ3hjXU6ZfRO7qhMdbkpxiend28F90tBKH9dgLo7usAs9Vq5DCsG5LFuxBSq-2F-2Fy5K-2B-2BIGdSaYr3C8kdxw-2BOVUvLT-2FuTCsKm9poqdfg-3D-3D) requiring multiple federal agencies to be on the same page with respect to forest bioenergy.  The covered agencies include EPA, USDA and the Department of Energy. Specifically, the bill states that the agencies will recognize “the carbon neutrality of bioenergy and recognize biomass as a renewable energy resource.”  Although the spending bill must pass the committee and clear floor votes on both sides of the Capitol, stripping the provision moving forward through the legislative process will be a heavy lift for parties opposed to the carbon neutrality classification.  Stay tuned for updates on FY 2024 spending bills and how they will impact the sector.  **“REAP” Grant Application Process Open Through August 15**  On July 14, USDA kicked off the [application](https://www.rd.usda.gov/programs-services/energy-programs/rural-energy-america-technical-assistance-grant-program#:~:text=These%20technical%20assistance%20grants%20will,solar%2C%20and%20energy%20efficiency%20measures.) process for the Rural Energy for America Program (REAP) Technical Assistance Grant Program.  Eligible applicants, such as not-for-profit groups and sole proprietorships, among others, must engage in activities that help “agricultural producers or rural small businesses to apply for assistance under REAP for energy efficiency Improvements, or Renewable Energy Systems.”  Over the years, companies deploying biomass heat and power systems have benefited from grants authorized by REAP.  USDA will accept applications for grants, which will range from $100,000 to $500,000, through August 15.  ***Congress Moves Transportation, Truck Weight Priorities***  We anticipate House floor action in late September on several supply chain bills that were reported out of the House Transportation and Infrastructure Committee in June. Among those bills was a pilot program that states may opt into for allowing 91,000-pound trucks equipped with a sixth axle to travel on the interstate highway system. This has been a long-time priority for the Federation and we are encouraged by progress in this space.  Bills to streamline and make more efficient the process for obtaining a commercial drivers license (CDL), provide more parking spaces for truckers near highway access points and improve upon the Ocean Shipping Reform Act enacted last year were also approved by the committee.  Last week we also received good news in the truck weight space. As part of the Fiscal Year 2024 Transportation, Housing and Urban Development (THUD) appropriations bill, language was included allowing trucks travelling at the maximum gross vehicle weight on state roads to travel on Mississippi’s portion of the interstate highway system.  The weight tolerance on state roads in Mississippi is 88,000 pounds and so rigs loaded that this weight would have access to the interstate within Mississippi’s borders. There is legislation pending in the House and Senate—the Safe Routes Act—that would allow every state in the country to pursue this option. That bill has not found traction yet, but we are pleased with the Mississippi development which was shepherded by Senator Cindy Hyde-Smith (R-MS).  Finally on truck weights, Senator Mike Braun (R-IN) will soon be introducing a bill that provides a dry bulk axle variance of 110 percent on any given axle weight limit for trucks hauling dry-bulk goods. We have confirmed that “dry bulk” includes wood chips and biomass.  A similar bill (H.R. 3318) was reported out of the House Transportation and Infrastructure Committee. This legislation will be part of the suite of supply chain bills that will receive floor consideration in late September.  ***House Adopt “Resolution of Disapproval” for New NLEB Rule***  **Prior to leaving for the August recess, House lawmakers adopted** [S.J. Res. 24](https://www.congress.gov/bill/118th-congress/senate-joint-resolution/24?q=%7B%22search%22%3A%5B%22S.J.+Res.+24%22%5D%7D&s=5&r=1)**, a “Resolution of Disapproval” pursuant to the Congressional Review Act (CRA) to rescind the Administration’s November classification of the Northern Long-Eared Bat (NLEB) as “endangered,” as opposed to “threatened.”  In May, the Senate narrowly approved the measure, largely along party lines.  Even though Congress has passed the measure, the President has stated that he would veto the resolution, doubling down on his Administration’s policies.**  ***Federation Argues Active Management Essential for “Climate Resilient Forests”***  On July 18, the Hardwood Federation filed comments with the USFS, urging federal regulators to emphasize active forest management while considering policies to strengthen U.S. forests, pursuant to an [Advance Notice of Proposed Rulemaking (ANPRM)](https://www.federalregister.gov/documents/2023/04/21/2023-08429/organization-functions-and-procedures-functions-and-procedures-forest-service-functions) published in April.  The Federation also urged the agency to use existing authorities and focus on the forest planning process as the primary tool for advancing its objectives before moving forward with new regulatory requirements.  Although the timeline for next steps is uncertain, USFS may issue a proposed rule soliciting comment on a narrower suite of issues to more narrowly define policies that promote resilient forests.  ***Broader Business Community Aligns with Hardwoods on Proposed ESA Expansion***  On July 24, the U.S. Chamber of Commerce conducted a coalition meeting to discuss permitting reform and other environmental policy challenges faced by the business community. The discussion included an overview of recent proposals by the Administration to expand the scope of the Endangered Species Act (ESA), with a focus on two specific rulemakings being addressed by the Federation:  the USFWS proposal to ban consideration of [economic impacts](https://www.federalregister.gov/documents/2023/06/22/2023-13053/endangered-and-threatened-wildlife-and-plants-listing-endangered-and-threatened-species-and) when reviewing ESA designations; and reinstatement of a [“blanket rule,”](https://www.federalregister.gov/documents/2023/06/22/2023-13055/endangered-and-threatened-wildlife-and-plants-regulations-pertaining-to-endangered-and-threatened) which extends almost identical control measures to species classified as “endangered” as those listed as “threatened.”   The Hardwood Federation is drafting formal comments on the Administration’s proposals, which are due August 21.  **USFS Conducts Webinar on Mature, Old Growth Forest “Threat Analysis”**  As part of its ongoing outreach on the April 2022 [Executive Order](https://u19539728.ct.sendgrid.net/ls/click?upn=-2B73de0dREQUDGWQfTM3mhm0izs1J0Nv3ZEe-2B3Egolc-2FiYMPL-2BflUwSa0HYqZeFbz45wMVBtIH6KCP9NLX943CW7gRmxEdLbxJIY39SUhdxSDMg3Lt-2BESPoqDwiNBQz0u80DiTFg0Bru4RCkVoNaWxxxYpyStDwV-2BMIRWhnq1Vp34vwGB-2Br3nN2O6nmASKIF1oNizwBnqbVTlQo6Jd-2BDulU-2Buj-2FxjmPYX5pl1XJSfcKg-3DkeBP_DfShkWCAhoLGP-2FJNrdlPJdV-2FLULhdq7A2Mns4NO8kAbKoy2hBWCjup-2FdSJ4mtav3QZgwkC4yOhBCK4lj-2B12aQiClTmpamvdNyL5CHy8po-2Bhe-2F9QlGPQzMrJyiT-2Bm-2BqFcHUOB0Z3Y8bUfZew19NoaEs8na01x5-2F8rYyWvqE8bqPsvJocoZWxrcJYGXflw5rF4IN1ZjxvhTfsCFhr3qDBHgDrdIe1qiPrkWJ9njqqJLGCsQ0Ht76QkjsbXk-2FwWhC87NDU14GF6dOgCEx7yNHOrUROKLGrnJQgv3sQPa4YmafyxkyBoTfGDASGPJH3-2FBrLyy3UUXXmh5oO3BK3uFzenFL2paSReTxjke3bbxr84kBDvqspmnltnvFUfTJlGP7uLwq0mJ6x75t19z-2FaEtvQU9uWUCUowCP-2BUg35tTf84zPQPNx1wdMDerzQtRdtMQk-2B3T9BMt5HpY2a91vCu1Ofo00g5iniSJ6asQLyNpDtaDJk6zDIbbSQaBCIv7iq-2F2v4xnDupU2w-2BgLxImKP8JXt7gxoryV-2F8wOYnLxg-2FRsoVRnCD0lAwtE9BnMXPp2XCdLy4GuIsEd1OrtlofewUB0j7gZohyEuko4HLRE2Bj1u3mWlgUvllEi0Nbaenueqg-2BtEz55-2FdWBo70mL0Qz8cGjoHRA-3D-3D) on strengthening the nation’s forests, on July 17, the USFS conducted a two-hour webinar to discuss development of a “threat analysis” for mature and old growth forests. Regulators state that the process will include analysis of factors such as wildfire and insect and disease risk.  Hardwood team members participated in the call and joined other industry representatives who expressed concerns that the exercise would result in further erosion of active forest management. Industry argued, for example, that timber harvest and forest thinning, “do not constitute threats” to federal lands.  USFS officials responded that the agency is charged with forest management as part of its core mission and is therefore not likely to cut back on forest management unless Congress directs it to do so through legislation.  They also stated that the “threat analysis framework” would be finalized in the winter of 2023 and 2024.  **Senators Take Aim at EPA Red Tape**  On June 22, Senator Shelley Moore Capito (R-W.Va.), along with eight co-sponsors, introduced the [National Ambient Air Quality Standards Implementation Act of 2023](https://u19539728.ct.sendgrid.net/ls/click?upn=-2B73de0dREQUDGWQfTM3mhiOWZxR5m25P8hA6BHHN1FngRL0FfBswssNKaBTFmdVc9Q5-2FN7FwOGTdIckquRCPxxYIvXMK-2F5AoaXh6fglVbc4NGqyE9TXtOSeOo9JcnrLRbG54neLiifAngO5HwOEz4-2BSTq-2FJ7KxIbfehkOX1d2U7wEG-2FaBueajtry63HiIPOoRUOCGjyPo7krF-2BPXl6KvIg-3D-3DdOXR_DfShkWCAhoLGP-2FJNrdlPJdV-2FLULhdq7A2Mns4NO8kAbKoy2hBWCjup-2FdSJ4mtav3QZgwkC4yOhBCK4lj-2B12aQrxWKY4WL-2BSv7jLWu97QtTRZISNavbJiI9Xgn0geEiMccdUOZz6-2FniA95Qjxdk2UIjoXpIPBDML8ZIvZkMpY50-2Bq-2FHJs8mr4s868GvNBIIUO8mZh26onj8l9aEO128bNOyRlChKFJ8xVdr0pRZHw8SwtOUxWC0F-2Bwy1Snn6i-2B5A8dGYlyrUN5fPVHVQPbRMAceAiEJokTCoQaxpWOLRf6GhSLGdwDBGdvouSWXQgmLmPutZRS-2FR-2B-2FW8JHPGbqSKQebaM5ypos07bIbuci3jQCpX1SXxh8G1MpP04bwTgfl3RQS6MTUF7zDkyl8HCbwOrlCayQ4WUyQcolBI39TMgRVaSpjgKdBddeUiTL8mcs1NJOj9DytoyRYAhm66K8CxOQoLPswvIQSs-2FgNHx4kdTsSnjkN2tcf8NYkEjR5hkJZzimgxm5TaXAIQxyTSA1x3MF17TEOOo-2B9iRDpXCip7Uz44HRZhVYIuR04OxriLJ81znxZSttJ-2BO0XffkdSoDD-2B85bmc-2FIZFYp8gNBiC0AI0TE6IjOIkI6SUCcfujqQPz-2BzN-2BDCdWlBIOpNvlgDTK8M94A-3D-3D) to modernize the air-quality standard setting process at EPA,  including particulate matter (PM) emissions associated with wood products facilities. The legislation would, among other things, require regulators to examine technological feasibility and economic impacts when issuing new standards and push back the statutory NAAQS review process from every five years to 10 years. The legislation compliments Federation comments submitted to EPA in late March, advocating against more stringent, [proposed revisions](https://u19539728.ct.sendgrid.net/ls/click?upn=-2B73de0dREQUDGWQfTM3mhlp-2FpkGInmSAD3UsexVwUWS8q6pn7TRLKaI1YUz743XnBDwN7rAoGZnKqhTZvZeaw8fa4olDpkoAcT8zRS5KZeTdKBKonIaRyGx-2Bm49iub9RDngnFLpge6eSFsmUYdadX5kn-2FD14t3-2BUfi9tinuS1cp2oCzJDgrBAdFNkSfWBv3H4LmVJQ2IPioYauKzCquQyDMX4DeFe6Y1gCHK6r9xOVWpzmkaY8fVPb3xvNKonLmIeezJtE-2FwtrlwUklEFb-2F35Pe-2Bg5CMvliK8PSB15-2Bpx1uyqWB9FdhP31pEIQf645Fn_dGc_DfShkWCAhoLGP-2FJNrdlPJdV-2FLULhdq7A2Mns4NO8kAbKoy2hBWCjup-2FdSJ4mtav3QZgwkC4yOhBCK4lj-2B12aQrxWKY4WL-2BSv7jLWu97QtTRZISNavbJiI9Xgn0geEiMccdUOZz6-2FniA95Qjxdk2UIjoXpIPBDML8ZIvZkMpY50-2Bq-2FHJs8mr4s868GvNBIIUO8mZh26onj8l9aEO128bNOyRlChKFJ8xVdr0pRZHw8SwtOUxWC0F-2Bwy1Snn6i-2B5A8dGYlyrUN5fPVHVQPbRMAceAiEJokTCoQaxpWOLRf6GhSLGdwDBGdvouSWXQgmLmPutZRS-2FR-2B-2FW8JHPGbqSKQebaM5ypos07bIbuci3jQCpX1SXxh8G1MpP04bwTgfl3RQS6MTUF7zDkyl8HCbwOrlCayQ4WUyQcolBI39TMgRVaSpjgKdBddeUiTL8mcs1NJOj9DytoyRYAhm66K8CxOQoSgfQScFlqQf-2FA1Hg5h4D61Vuk2t6xg0yV3CV-2F48Msu2VWLGKEYSeWK9dt31jUFTAoDyp9zw-2B8fUlzTACuRJogMQR4bWn3WTh8r8RqXv28ewuU3mM6t7l32oO7BCyv6XbtLhQ4VUee192Dos5-2FxPS9im-2FoDSbtUp9HgYOOKfoWsL-2BDJCatI2xVF1IlhspisLw-3D-3D) to PM standards. The bill enjoys support from Sens. Wicker (R-MS), Ricketts (R-NE), Sullivan (R-AK), Lummis (R-WY), Cornyn (R-TX), Barrasso (R-WY), Lankford (R-OK) and Britt (R-AL). |