



Hardwood Federation – May 2023 Newsletter

From the Executive Director: *Supply Chain Package Moves Forward*

On May 10, the House Subcommittee on Highways and Transit conducted a [hearing](#) highlighting strains on the nation’s trucking system, which transports 76% of the dollar value of U.S. freight. Subcommittee Chairman Rick Crawford (R-AR) opened the session by highlighting the acute trucker shortage, pointing out that the industry will need 1.2 million new drivers over the next several years to keep up with demand and trucker retirements. Thursday’s session will help lay the groundwork for an expected “supply chain package,”

On May 23, House transportation panel members followed up on the trucking hearing and approved several measures to strengthen the nation’s supply chain. Commenting on the committee’s action, Chairman Sam Graves (R-MO) [stated](#) that the supply chain package will remove “regulatory barriers, improve supply chain efficiency, and promote smarter infrastructure investment.” The following are some takeaways related to the legislation which may move on the House floor during the months ahead.

Fortunately, the package incorporates key portions of the industry-supported [SHIP IT Act \(H.R. 471\)](#). This includes a provision that remedies the trucker shortage by cutting red tape to qualify for a Commercial Drivers’ License (CDL), a pilot program whereby states can opt into increasing truck weight limits to 91,000 pounds, and funds to provide more parking facilities for truckers to improve highway safety. The package also incorporates [H.R. 1836, the Ocean Shipping Reform Implementation Act of 2023](#), championed by Rep. Dusty Johnson (R-SD). This bill strengthens the [Ocean Shipping Reform Act of 2022](#) and empowers the Federal Maritime Commission to review complaints about market manipulation and anti-competitive operations of maritime exchanges.

There are two noticeable omissions to the current package. The Federation-supported [Drive Safe Integrity Act \(H.R. 3408\)](#), which aims to boost participation in the Safe Driver Apprenticeship Pilot program, didn’t make the cut. Also, the [Strengthening Supply Chains through Truck Driver Incentives Act \(H.R. 2450\)](#), legislation that authorizes lucrative tax credits to new and existing truck drivers to address the trucker shortage, failed to make it into the package. Fortunately, the Transportation Committee plans to conduct another working session on key supply chain bills in September, giving industry another bite at the apple. As the Federation continues to monitor House floor activity this summer, stay tuned for a possible “call to action” where you can make your voice heard and help pass legislation that will help the sector.

Issues:

Supreme Court Limits Federal Power Over “Waters of the United States”

On May 25, the U.S. Supreme Court issued a [ruling in the Sackett v. EPA](#) case that curtailed the scope of the Administration’s “Waters of the United States” (WOTUS) rule issued in late 2022. The new rule rescinded a more flexible standard issued by the Trump Administration and expanded federal jurisdiction over water bodies, triggering permitting requirements on landowners. The high court’s unanimous decision last week is the latest development in a regulatory and legal tug-of-war that has spanned three Administrations. That said, the court’s decision parallels recent actions taken by Congress.

On February 2, 2023, Reps. David Rouzer (R-NC) and Sam Graves (R-MO) introduced a [joint resolution of disapproval](#) under the Congressional Review Act (CRA) to rescind the 2022 WOTUS rule. On March 9, 2023, the House of Representatives [approved](#) the Rouzer-Graves resolution with bipartisan support in a vote of 227-198. On March 29, 2023, the Senate also [passed](#) the resolution of disapproval in bipartisan fashion in a 53-43 vote. The legislation failed to make it over the finish line, however, when President Biden [vetoed](#) the resolution of disapproval on April 26. With the Supreme Court’s decision now handed down, the ball now lands in the Administration’s court, which will likely initiate yet another federal rulemaking that complies with the parameters of the high court’s ruling.

Debt Ceiling Showdown Creates Pivot to Dollars and Cents Tax Debate

As Congress turns its attention to broader fiscal matters such as the debt ceiling and federal budget for Fiscal Year (FY) 2024, lawmakers have begun to roll out tax legislation that they hope will incentivize economic growth in an uncertain economic climate. Highlights include the bipartisan and bicameral [American Investment in Manufacturing \(AIM\) Act](#), introduced by Sens. Shelley Moore Capito (R-WV) and Kyrsten Sinema (I-AZ) and Reps. Adrian Smith (R-NE) and Joe Morelle (D-NY), to restore important business interest deductions and the [Accelerate Long-Term Investment Growth Now \(ALIGN\) Act](#), introduced by Sen. Jim Lankford (R-OK) and Rep. Jodey Arrington (R-TX) on March 30 to make 100% expensing of heavy duty equipment permanent.

On the small business front, the Hardwood Federation is joining dozens of other business groups in a letter endorsing “The Main Street Tax Certainty Act of 2023,” legislation to make permanent the 20-percent deduction for small and family-owned businesses. The tax reform law of 2017 established this important tax break, which is scheduled to sunset at the end of 2025. The letter cites recovery from the COVID-19 pandemic, inflation, labor shortages, and supply chain disruptions as ongoing challenges that warrant keeping the deduction in place. Even under an expedited legislative schedule, tax bills take several months to move across the finish line and are more often than not bundled into a single package at the end of the calendar year. Given this timetable, the Federation has placed tax policy as a high priority for the June Fly-In, creating an opportunity to build momentum for legislation that will maximize fiscal flexibility for hardwood companies.

Senate Votes to Rescind Bat Rule

On May 11, the Senate narrowly approved two measures that would overturn new ESA regulations on the Northern Long-Eared Bat (NLEB) under the Congressional Review Act. The [first measure](#) overturned the repeal of the Trump Administration's definition of what qualifies as a protected habitat whereas the [second measure](#) rescinded the November 2022 reclassification of the NLEB as "endangered" rather than "threatened." Although the House may take similar action on the NLEB, President Biden has already promised to veto the legislation that would reverse his Administration's ESA policies.

Wood Products Group Weighs in On Low-Carbon Construction Materials

On May 1, the Hardwood Federation joined the Decorative Hardwoods Association and Composite Panels Association in comments to EPA, responding to the agency's Request for Information related to low-carbon construction materials. The wood products allies urged federal regulators to consider sustainable forest management while recognizing the low carbon footprint of finished wood products, especially when compared to other materials such as glass and concrete. The coalition also cited two [Environmental Product Declarations \(EPDs\)](#), released in November 2022, from the Decorative Hardwoods Association and National Hardwood Flooring Association outlining the "total cradle-to-grave global warming potential" for [engineered wood flooring](#) and solid wood floors. Released in late 2022, the EPDs show that natural wood floors have a significantly smaller carbon footprint than alternative materials such as ceramic tiles and various types of vinyl flooring and tiles.

Wood Products Group Lobbies Appropriators for Carbon Study

On May 8, the Federation and its partners in the Wood Products Coalition turned to annual appropriations, the legislative vehicles that fund the federal government, to promote a USDA study that will quantify the amount of carbon stored in wood products. Industry pointed out to House and Senate appropriations staff from both parties that the Forest Products Laboratory (FPL) already specializes in researching wood products and their applications and is therefore well suited to break down the amount of carbon stored annually in finished goods. Annual increases in the amount of carbon stored in wood products could then be measured, and their ability to mitigate a changing climate quantified, thereby assuring that industry would be rewarded rather than penalized in climate programs. Stay tuned for updates on the study's progress as the slog to hammer out a Fiscal Year (FY) 2024 budget continues.

Ocean Shipping Coalition Takes on Excess Rail Fees

The Federation joined more than 70 trade associations in a [letter](#) to congressional leaders calling attention to the problem of rail storage, a form of demurrage, which is charged by railroads as part of international ocean transportation at the nation's interior rail terminals. In recent years, these demurrage charges have resulted in costs to U.S. businesses in the hundreds of millions of dollars. Unfortunately, when containers are delayed at the railyard because of the railroad's terminal operations, rail storage charges accrue and undercut the transportation streamlines offered by Ocean Shipping Reform Act passed in 2022, which

pushes back on similar demurrage fees imposed at the nation's ports. The Federation will keep you posted on advocacy related to ongoing transportation bottlenecks that hinder delivery of hardwood products to their customers.

Two Weeks to Fly-In 2023!

The Federation is looking forward to welcoming 60+ hardwood industry leaders who have registered to participate in the 2023 Fly-In June 13-15 in Washington, DC. Dozens of Hill meetings with congressional champions have been booked for "Hill Day" on Wednesday, June 14" as well as congressional guests for the HFPAC receptions to be held on the evening of June 14 and the morning of June 15. Look for a full report of Fly-In takeaways in our June edition!