



Hardwood Federation October 2021 Newsletter

From the Executive Director: Congress Continues to Debate Social Spending, Infrastructure Packages

On Thursday, October 28, President Biden unveiled the latest iteration of a “framework” to the Administration’s “Build Back Better” plan to include a price tag in the \$1.75 trillion range. Shortly after, House Democrats released almost 2500 pages of draft bill language detailing the components of the proposal. These documents are the result of prolonged negotiations with the leadership in the House and Senate and appear to have the support of moderate Democrats. Democratic leadership are hoping that today’s roll out will prompt the House to pass the \$550 billion infrastructure bill that has already cleared the Senate.

Under the proposed "Build Back Better" plan, a 15% minimum tax would be imposed on corporate profits that large corporations report to shareholders, as well as a 1% surcharge on corporate stock buybacks. Those provisions would raise \$450 billion in new revenue, according to the White House. The framework also calls for a global minimum tax and new surtax on the wealthiest Americans' income, as well as bolstered IRS enforcement. The bill would impose a 5% tax rate above those with an income over \$10 million, and another 3% surtax on income over \$25 million. The White House estimates the new surtax would raise an additional \$230 billion from the nation's highest earning taxpayers. The White House estimates new revenue under the proposal would total nearly \$2 trillion.

Also included in the draft bill language are significant funds for forestry related programs, including hazardous fuels reduction, wood innovation grants and carbon mitigation programs among others. The Hardwood Federation will analyze bill contents and provide an update to the industry as soon as we are able to confirm details.

House leadership is aiming for a vote on the Senate-passed, bipartisan infrastructure package as early as this week and then plans to turn to the Build Back Better plan next week.

Issues

“100+ Employee” COVID Vaccine Mandate Pending at White House

On October 12, the Occupational Safety and Health Administration (OSHA) sent its proposed COVID vaccination and testing Emergency Temporary Standard (ETS) to the Office of Management and Budget (OMB) for interagency review. Recall that this proposal will require employers with 100 or more employees to ensure employees are COVID vaccinated or are tested weekly. OMB review is the last step in the process before this proposal is made public. We are hearing that the goal is to roll this ETS out later this week. An ETS is not a typical rule in the sense that public comments are not accepted during the development of the proposal. However, there will be opportunity to comment once the ETS is issued.

While we anticipate litigation to impose a temporary restraining order on the ETS, the courts have generally found government-imposed vaccine requirements to be a proper exercise of government “police power” to protect public health.

Numerous sources in and outside the White House this week indicated that a formal rollout of this proposal will occur on November 4. It is anticipated that a Federal Register notice will be published that day and that an official White House event is planned for the rollout. We are monitoring the situation closely and will provide a detailed summary of the ETS once it is available.

Senate Appropriators Address Workforce Pipelines and Carbon Neutrality

Last week the Senate Appropriations Committee unveiled nine of the 12 Fiscal Year 2022 appropriations bills, including the FY 2022 Labor, Health and Human Services, Education and Related Agencies bill that funds workforce development and Career and Technical Education (CTE). The Senate bill includes some important increases in funding for workforce programs including:

- \$245 million for registered apprenticeships, which is an increase of \$60 million over current fiscal year spending;
- \$2.9 billion for Workforce Innovation and Opportunity State Grants, which is an increase of \$93 million over this year's level.

The Senate bill also increases funding for the Perkins grant program, which is the principal source of federal funding to states and discretionary grantees for improving secondary and post-secondary career and technical education programs across the nation. The legislation provides the Perkins Basic State Grant a \$50 million increase over the FY 2021 level and \$30 million over what President Biden recommended in his budget proposal in May. This total funding level, \$1.38 billion, is identical to the House bill.

The other issue we have been working in the context of appropriations is our biomass carbon neutrality provision. The House Interior, EPA and Related Agencies Fiscal Year 2022 appropriations measure included language recognizing the "carbon benefits" of biomass energy that we use in our mills instead of the term "carbon neutral" that is currently in statute. We were hopeful that the Senate's version would simply reauthorize the existing carbon neutrality provision, but Senator Jeff Merkley, Chair of the Senate Appropriations Committee's Interior Subcommittee, opted to emulate the House bill. However, there is a subtle difference in the Senate's language which makes the provision a conferenceable item. Senator Susan Collins (R-ME), our champion in Congress on this issue, is committed to pursuing stronger language as negotiations mature.

Congress will be looking to move this and the other FY 2022 appropriations measures before the current government funding measure, known as a Continuing Resolution or CR, runs out December 3.

Biden Administration Proposes Expanding Scope of Endangered Species Act

The Biden Administration proposed rules on Wednesday, October 27, in the Federal Register (here) that would make significant changes in defining critical wildlife habitat for purposes of listing and delisting species under the Endangered Species Act. The proposed rule is being jointly put forward by the U.S. Fish and Wildlife Service, Department of Interior, National Marine Fisheries Service, National Oceanic and Atmospheric Administration and the Department of Commerce.

The rule would essentially rescind the final rule titled “Regulations for Listing Endangered and Threatened Species and Designating Critical Habitat” that was published on December 16, 2020 and became effective on January 15, 2021. The proposed rescission, if finalized, would remove the regulatory definition of “habitat” established by that rule. In its place, the new rule would expand the definition of what is considered habitat for listed species to include areas where the species are not currently found but had previously lived in and would need to expand into if their numbers increase. In addition, the rule would eliminate the Trump-era regulation that economic data be used as a factor in deciding whether to protect a species’ habitat.

Comments on this proposal will be accepted until November 26.

Shipping Reform Legislation Gains Momentum in the House

While Congress continues to debate a path forward for dual infrastructure bills, including the “Build Back Better” plan and a “Bipartisan Infrastructure Framework” (BIF), transportation bottlenecks are emerging as major hindrance to economic growth this fall. As reported earlier, a bipartisan group of House lawmakers are moving legislation that would protect U.S. exporters, including the hardwood industry, from unfair ocean shipping practices that hinder the movement of products to overseas markets.

In August, Reps. John Garamendi (D-CA) and Dusty Johnson (R-SD) introduced the industry-supported “Ocean Shipping Reform Act of 2021” (OSRA) (H.R. 4996). This important bill would make long overdue updates to the federal “Shipping Act” and institute remedies for unfair shipping practices that exacerbate global supply chain disruptions caused by the pandemic. Specifically, the bill would empower the Federal Maritime Commission (FMC) to prevent ocean carriers from declining export cargo if the containers can be loaded safely and within a reasonable time frame.

Since being introduced in the summer, H.R. 4996 has gained a bipartisan group of more than 50 cosponsors and continues to be “whipped” or promoted aggressively by its champions. On October 12, the Hardwood Industry launched an “action alert” to its grassroots network, urging members of the industry to reach out to their House lawmakers to cosponsor “OSRA.” Two weeks into the campaign, the industry has submitted 147 letters to the Hill urging support for H.R. 4996.

Because other big ticket items such as Fiscal Year (FY) 2022 spending legislation and the debt ceiling will compete with the dual infrastructure bills for floor time this fall, it’s not likely that Congress will take up “OSRA” as a stand-alone measure. That said, policymakers are recognizing the role of transportation bottlenecks as a key driver of current inflation, which is emerging as a major issue for the 2022 election. This bodes well for the prospects of a shipping reform bill. Lawmakers could, for example, fold H.R. 4996 into coast guard reauthorization legislation, among other vehicles. If you haven’t already done so and would like to send a letter to your House lawmaker to urge co-sponsorship of the “Ocean Shipping Reform Act,” please click [here](#).

HFPAC Gears Up for Fall Fundraising

As Congress returns to Washington to kick off the fall session, HFPAC has been making the rounds, attending events for a bipartisan group of lawmakers who have proved to be champions of the industry. During these events, HF team members Dana Cole, Pat Rita and Bryan Brendle have advocated for carbon neutrality for hardwood products, resolutions to transportation bottlenecks, especially in our nation’s ports, and raised

concerns the industry has with inflation that have emerged in 2021 among other issues. Below is a list of lawmakers visited this month:

Senate Agriculture Committee Chair Debbie Stabenow (D-MI) on October 19;
Fred Keller (R-PA) on October 20;
GT Thompson (R-PA) on October 20;
Vern Buchanan (R-FL) on October October 21;
Kurt Schrader (D-OR) on October 26.

Rep. Cathy McMorris Rogers (R-WA) scheduled an event for October 20 but canceled following possible exposure to COVID-19. As HFPAC closes out 2021 and gears up for the midterms, stay tuned for updates on future meetings and events with the industry's congressional champions.

Contribute to the HFPAC!!!!

It's hard to believe, but another year is about to wrap and another push for contributions to the HFPAC is here as well. With so much activity taking place in the area of taxes, carbon neutrality and transportation policy, it's more important than ever to educate Members of Congress about our hardwood priorities. With that in mind, please help us make sure that HFPAC remains strong, viable, and supporting the hard work of the Hardwood Federation and the hardwood industry. Please contribute today!

As a reminder there is a difference between Hardwood Federation and Hardwood Federation PAC fundraising. Any individual and any company may give as much as they want at any time to the Hardwood Federation. These funds are used for operations, salaries, day to day expenses, and anything else that is not PAC related. They are also 82% tax deductible.

On the other hand, contributions to HFPAC must be from individuals only, up to \$5,000 per year, and can only be used for PAC related expenses. HFPAC, while managed by HF, belongs to the industry. It is designed to strengthen elected officials' understanding of the hardwood industry and advocate on the industry's behalf in Washington. The PAC is bi-partisan, working with those of both political parties and sends a powerful message to our elected officials telling them we are a serious

and engaged industry.

If you participated in HFPAC in 2020 we continue to extend our deepest thanks and hope you will continue giving again this year and even jump up your participation level if you are able. If you missed out on giving last year, now is the best time to get involved.

For more information, please visit the HFPAC website and fill out a [Prior Approval Form](#) so that we may contact you directly on our efforts. Or, to get involved in the Hardwood Federation PAC please contact Bryan Brendle (202-463-5186) or bryan.brendle@hardwoodfederation.com for more information.

Happening in the Hardwood World

Softwood Lumber Board, U.S. Forest Service Launch “Mass Timber” Competition

The Softwood Lumber Board has partnered with the U.S. Forest Service to support “Building to Net-Zero,” a competition which seeks to expand the use of mass timber in the United States by showcasing mass timber’s application, practicality, commercial viability, and role as a climate solution. The competition, managed by WoodWorks, will provide grants totaling \$2 million to multiple project teams to design and construct high-profile, replicable, and scalable mass timber projects in the United States, with a special focus on making the business case for mass timber in institutional, industrial, educational, and healthcare settings. In doing so, the competition will work to strengthen the mass timber sector and domestic supply chain, as well as illustrate the direct links between the use of mass timber and the health and resiliency of U.S. forests and rural producer communities.