

D.C. Cheat Sheet



Quick Updates from Your HF Team

House Lawmakers Pivot to FY 2023 Spending Bills

The legislative “sausage making” process really kicks into high gear when Congress exercises its “powers of the purse.” During the annual “appropriations” process, federal lawmakers carry out their most basic duty, which is to fund the annual budgets of the agencies that make up the federal government. On Wednesday, the House passed a Fiscal Year (FY) 2023 spending bill that will fund USDA, Interior and other agencies that oversee key programs that have a major impact on the industry:

- **Export Promotion** – The USDA spending bill will fund the agency’s Market Access Program (MAP) and the Foreign Market Development (FMD) Program which support the American Hardwood Export Council’s (AHEC) promotion of U.S. hardwood exports. The Federation has met with the House and Senate Ag Committee chairs and panel members to advocate for maintaining ... or increasing funding for these key programs.
- **Biomass** – Although spending bills are mainly known as the vehicles that deliver dollars to the agencies, they also present an opportunity for creative

lawmakers and lobbyists to push priorities unrelated to dollar amounts going to federal programs. Nowhere is this more evident than the industry's efforts to enshrine "the carbon neutrality of biomass" into federal law. Since enactment of a spending bill in 2017, there has been a statutory directive renewed each year instructing federal agencies to recognize the carbon neutral nature of forest-based biomass in any federal energy or environmental policymaking. The House-passed FY 2023 Interior appropriations measure includes watered down language that acknowledges the "carbon benefits" of biomass energy, but stops short of declaring this type of energy that we deploy in our mills as carbon neutral. The Hardwood Federation worked last year to defeat identical language and preserving the carbon neutrality directive through FY 2022. We are working with our champions in the Senate to secure a similar outcome for FY 2023.

- **Forest Inventory** – The hardwood sector relies on USDA's Forest Inventory Analysis (FIA) to inform sound forestry management practices. This information is critical for decisions regarding carbon stocks, sustainability, and existing and expanding markets. The bill includes a significant funding boost for the FIA, a \$15.5 million increase over FY22 levels.

Hardwood Federation Opposes Small Business Tax Increase

On July 11, the Federation joined dozens of small business partners in a [letter](#) to oppose a proposed expansion of a surtax on small business which were targeted as a means of paying for Medicare funding within the context of the most recent "Build Back Better" (BBB) package. Citing high inflation, a possible recession and "chronic labor shortages" as major challenges, the coalition urged lawmakers not to pile onto the growing obstacles confronting small business.

What's the Latest on BBB?

Late last week Sen. Joe Manchin (D-WV), announced that he would not support the latest BBB plan, including the surtax noted above, citing concerns about lingering high inflation and the bill's potential to exacerbate inflation. The bill is now in a holding pattern, and the road to passage has now become even more complicated than before as the ability to pass the legislation through the "reconciliation" process expires at the end of September. Yesterday, President Biden [stated](#) that he would use presidential authority to push through portions of his climate agenda that Congress cannot pass, including expanded offshore wind, energy efficient air conditioning and more funding for "resilient" infrastructure that can withstand heat waves.