



HARDWOOD

FEDERATION

Hardwood Federation December 2021

Newsletter

From the Executive Director:

Washington is finally winding down for the holidays. Both the Senate and the House of Representatives have adjourned and are back in their home states. They will return in January to pick up where they left off with an eye towards the mid-term elections.

It has been a busy year for the Federation. Although we have actively engaged on many issues impacting the hardwood industry, our messaging to the Administration and Congress on four primary issue areas has remained consistent:

Forest products are part of climate solution...not just forests.
Maintain favorable tax treatment for hardwood industry businesses.
Support efforts to build and maintain hardwood company workforces.
Advocate for infrastructure improvements that benefit the industry –
Including the Ocean Shipping Reform Act of 2021.

The Hardwood Board of Directors meets in early January to review, assess, and finalize our 2022 priorities. Many of you have helped inform this discussion by filling out our 2022 policy issue survey. Thank you for your insight! I am confident many, if not all the 2021 priorities will carry over to the new year, but we are always alert to new challenges and opportunities, and this list could grow...or shrink...depending on the

political winds. We will adjust and move forward as is best for the industry and the thousands of men and women it employs. Our January newsletter will have more information about our 2022 priorities and how we will communicate them to federal policy makers.

The Hardwood Federation Board of Directors and staff appreciate all the support we have received in 2021 from our 29 member associations, their leadership, staff, and membership. Your engagement and financial assistance are essential to our efforts.

On behalf of the Hardwood Federation D.C. team, I wish you and yours a wonderful holiday season and a healthy, successful New Year. We look forward to working on your behalf in 2022!

Issues:

“Build Back Better” Plan Collapses in Its Current Form

On Sunday, Sen. Joe Manchin (D-WV) confirmed that he would not support the Administration’s Build Back Better plan, a \$2 trillion climate and social spending bill which passed the House in November, derailing the legislation in its current form. Republicans were united in their opposition, requiring all Democratic Senators to sign on to the bill. Senator Manchin’s decision, while effectively ending this version of Build Back Better, could open the door for a slimmer, less costly version in 2022.

BBB included pros and cons from an industry perspective. Although there were beneficial provisions such as USDA funding for sustainable forestry practices, many of the tax measures would disincentivize investment in equipment and add a surtax on certain income from S. Corporations, the primary tax code classification for small and family-owned businesses. The Hardwood Federation team will continue to track developments, if any.

Congress Finally Passes National Defense Authorization Bill, Authorizes Mass Timber Projects

On December 15, on the heels of House passage, the Senate voted 89-10 to pass the “National Defense Authorization Act” (NDAA) (H.R. 4350), a \$768 billion defense policy bill. Fortunately for the industry, the NDAA includes a provision authorizing a pilot program to evaluate the use of more mass timber in military construction. Specifically, the bill states that “each ... military department shall conduct a pilot program” to analyze the impact that “the use of mass timber as the primary construction material in military construction may have on the environmental sustainability, infrastructure resilience, cost effectiveness, and construction timeliness of military construction.

Federal Appeals Court Revokes "Stay" of COVID Mandate, Senate Weighs In

In early November, the Biden Administration unveiled a far-reaching Occupational Safety and Health Administration's (OSHA) Emergency Technical Standard (ETS) requiring companies employing 100 or more workers to mandate full vaccination of their workforce against COVID-19 by January 4. As expected, in response to legal challenges from multiple states and private companies, a federal court issued an injunction prohibiting enforcement of the mandate until further judicial review. On December 17, however, a federal appeals court overruled the “stay,” creating a pathway to the Supreme Court for a final decision. If the ETS ultimately passes Supreme Court scrutiny, the new OSHA rules would impose new recordkeeping requirements, implementation of internal compliance procedures, and open the door for possible future mandates on companies employing fewer than 100 workers.

To view OSHA's web page for more information about the ETS, please [click here](#). The Hardwood Federation will continue to track developments related to impacts on your operations as more details unfold.

Ocean Shipping Reform Legislation Clears House Vote With Industry Support

On December 8, the House passed the “Ocean Shipping Reform Act of 2021” (HR 4996) by a vote of 364-60. This important bill would update 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 August, members of the Hardwood Industry sent more than 150 letters to Capitol Hill urging support for H.R. 4996. Although the House has taken the lead on ocean shipping reform, Sens. John Thune (R-SD) and Amy Klobuchar (D-MN) are expected to introduce a companion bill in the upper chamber. Also, on December 7, the Senate Commerce Subcommittee on Surface Transportation, Maritime, Freight, and Ports held a hearing titled, “Uncharted Waters: Challenges Posed by Ocean Shipping Supply Chains,” laying the groundwork for legislation.

During a discussion with the Hardwood Federation in November, Sen. John Boozman (R-AK) expressed interest in supporting a senate bill and stated that his colleague John Thune will likely offer a slimmer version than H.R. 4996. The Hardwood Federation will keep you posted on details related to the pending companion bill and path forward in the Senate.

Administration Proposes New “Waters of the United States” (WOTUS) Rule

On December 7, the Environmental Protection Agency (EPA) and Army Corps of Engineers proposed a new rule defining the scope of waters protected under the Clean Water Act (CWA). The regulatory action constitutes the latest chapter in the federal government’s decades-long attempt to clarify when private landowners must apply for a CWA Section 404, or “dredge and fill” permit when engaging in harvesting, construction, and other activities on private land. The agencies will accept comments on the proposal through February 7, 2022.

Prior to release of the proposal, on August 30, a federal district court vacated the Trump-era Navigable Waters Protection Rule (NWPR). Since then, federal agencies halted implementation of the NWPR and began interpreting “waters of the United States” in a manner consistent with the pre-Trump era regulatory regime. Even though the Administration is not currently implementing the NWPR, the agencies are aware that court

action could bring the Trump-era rule back into effect. The Hardwood Federation will work with industry partners to submit comments to EPA and the Army Corps of Engineers, outlining arguments for clarity and flexibility with respect to issuance of Section 404 permits.

House Moves Workforce Bill

Legislation titled the Employer-Directed Skills Act was introduced mid-December by Representatives Elise Stefanik (R-NY) and Virginia Foxx (R-NC) to allow employers to determine the skills their workforce needs, streamline the process for workers to access skills development, and leverage private sector investments to make employers a stakeholder in the reskilling process. The Hardwood Federation will be working to advance these and other measures in 2022 to help alleviate the current workforce gap

Regulators Create Uncertainty Under Endangered Species Act

In October, the U.S. Fish and Wildlife Service and the National Marine Fisheries Service issued a proposal to repeal flexible language defining critical habitat and substituting agency review on a “case by case” basis. In November, HF and its allies submitted comments advocating that the agencies should establish guiding principles so that case by case findings are consistent, and thereby establish a degree of regulatory certainty.

HFPAC Wraps End-of-Year Fundraising

HFPAC closed the year with several events in December, advocating for the industry before a bipartisan group of lawmakers. Please see the industry champions below who heard from the industry in recent weeks:

Rep. Ann Wagner (R-MO) on 12/9
Rep. Abigail Spanberger (D-VA) on 12/8
Rep. Sam Graves (R-MO) on 12/8
Rep. Cathy McMorris Rodgers (R-WA) on 12/8
Rep. David Scott (D-GA) on 12/7
Rep. Chris Pappas (D-NH) on 12/2
Rep. Blaine Luetkemeyer (R-MO) on 12/1

***The Hardwood Federation wishes you a Merry Christmas,
and a Happy and Prosperous New Year!***