

## Washington Report



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### **Mission Accomplished: WMMA Members Have Their Say on Capitol Hill**

**By Rich Christianson**



If you've never set foot in the Washington, DC, office of one of your Congressmen, then you are missing out on one of the truly unique and fascinating privileges of being an American citizen.

I have had the opportunity to visit my Congressmen more than a dozen times over the years through my involvement with the Wood Machinery Manufacturers of America's Public Policy Committee. On one exceptionally memorable occasion, I met Barack Obama, then a freshmen senator of Illinois. But even when meeting with the most junior congressional staff member instead of a future President, it's always a thrill to walk the corridors of power on Capitol Hill and realize that most people on this planet are not privileged to express their opinions in face-to-face meeting with those who govern them.

I recently participated in the 2015 WMMA Legislative Fly-in in which we lobbied our representatives and senators for tax reform and other key manufacturing initiatives.

The WMMA's Sept. 15 march on Capitol Hill was reinforced by a strong contingent representing the Association of Woodworking and Furnishings Suppliers Public Policy Committee. The two allied groups combined to visit the offices of more than three dozen

Congressmen or staff to discuss issues focused on promoting the growth and competitiveness of the U.S. wood products industry.

## **Why is the annual pilgrimage to Washington, DC, to meet with their Congressmen so important to the WMMA?**

T.R. Herzog, chairman of the WMMA Public Policy Committee and director of sales for Accu-Router, offers his insight.

*"We live in the best country in the world, but Washington is still highly dysfunctional," Herzog said. "Citizens need to engage their elected leaders and candidates on key issues and enact change with their votes. We're hoping for at least temporary tax reform, but 2016 may be 'more of the same' being a lame-duck election year."*

Brian Donahue, a member of the Public Policy Committee and president of Safety Speed Manufacturing, said:

*"Participating in the Fly-In helps me to understand how things are done - or not in many cases - in Washington, DC. Each year, I get a better grasp on the legislative and economic issues that our industry faces, which helps me do a better job of running my company."*

Jamison Scott, president of the WMMA and executive vice president of Air Handling Systems said he looks forward to the opportunity to strengthen his relationships with his representative and senators.

*"The WMMA Fly-in continues to be more effective each year with more members meeting with members of Congress and sharing their stories about the challenges their companies face," Scott said. "These meetings help develop personal connections that allow our members to have more regular communication with our elected leaders and their staff. For example, several WMMA members have invited their Congressmen and senators to visit their manufacturing facilities and meet with their employees."*

This year's Fly-in was the first for Paul Wilmes, president and CEO of Mereen-Johnson. He made a full-day of it - scrambling to make all six appointments he set at the offices of congressmen in both Minnesota and South Dakota.

*"I had the opportunity to tag team with Brian Donahue and Shawn Larkin of Safety Speed Manufacturing and thought the Hill visits were very productive. We presented WMMA's positions at each of our appointments and feel we made a difference," Wilmes said, adding, "We had a blast."*

## **Top Public Policy Issues & Updates**

**Following is a status report of the key issues WMMA and AWFS Fly-in participants presented during their Capitol Hill meetings.**

**Tax Extenders:** As was noted in the July edition of the Washington Report, Congress has made a habit of supporting tax incentives, such as direct expensing, at the end of the year by passing tax extender legislation that retroactively benefit capital investments like woodworking machinery and software. The problem with this 11th-hour approach is that businesses don't find out until too late that they qualify for these incentives.

Case in point is the WMMA Public Policy Committee's long-time support for making Direct Expensing not only permanent but indexed to inflation. Doing so would arm wood products manufacturers with the assured knowledge that they can use this vital incentive to map out capital improvements not only this year, but for multiple years. As things currently stand,

without congressional intervention, direct expensing limits and cap will drop from the 2014 level of \$500,000 and \$2 million to \$25,000 and \$200,000 respectively.

Fortunately there are several bills in the works that could address the expired tax incentives sooner rather than later.

- H.R. 636 - [America's Small Business Tax Relief Act of 2015](#) authored by Rep. Patrick Tiberi (R-OH), was approved by the House of Representatives on Feb. 13. It would make permanent the deductible allowances for depreciable business property as extended in 2014 and index the caps to inflation beginning in 2016. [S. 1399, the Small Business Expensing Act of 2015](#), introduced by Sen. Michael Bennett (D-CO), would set as a direct expensing limit of \$1 million with a cap of \$2.5 million. It was sent to the Committee on Finance on May 20.
- [Tiberi also sponsored H.R. 2510 to make Bonus Depreciation permanent](#). Businesses can use bonus depreciation, also known as accelerated depreciation, to make an additional deduction of 50% of the cost of qualifying property in the year in which it is put into service. Without congressional intervention there will be no bonus depreciation tax incentive available for capital improvement purchases made this year. On Sept. 17, the House Committee on Ways and Means recommended that the House of Representatives consider the bill for a vote.
- Perhaps not to be out done, Sen. Orin Hatch (R-UT) introduced [S. 1946, Tax Relief Extension Act of 2015](#) on Aug. 5 that would extend more than 50 tax extenders from 2014 including Direct Expensing and Bonus Depreciation. The Senate Finance Committee, chaired by Hatch, recommended that the full Senate consider it further.

**Manufacturing Reinvestment Account Act (MRA):** Rep. Rosa Delauro (D-CT) introduced H.R. 2608 on June 2. The bill was referred to the House Committee on Ways and Means. [The MRA would allow manufacturers to establish a tax-exempt manufacturing reinvestment account](#) similar in function to an Individual Retirement Account (IRA). WMMA Fly-in participants asked their congressman, especially Republican leaders, to support the MRA bill.

**Combustible Dust:** Even though the U.S. Occupational Safety and Health Administration (OSHA) has been slow to follow through with its announced plans to craft a combustible dust standard, WMMA members gave their elected officials a heads up. WMMA supports workplace safety rules so long as they take compliance costs into account especially for small and medium-sized woodworking operations.

This summer, the National Fire Protection Association announced it would publish the first edition of the voluntary [NFPA 652 Standard on Fundamentals of Combustible Dust](#). NFPA 652 will likely form the groundwork for an OSHA-mandated combustible dust standard.

**Formaldehyde Emissions from Composite Wood Products:** The U.S. Environmental Protection Agency (EPA) is now more than two years late in creating a national standard to limit formaldehyde emissions from hardwood plywood, medium density fiberboard and particleboard. [The WMMA Public Policy Committee voted Sept. 14 to join the Federal Wood Industries Coalition \(FWIC\)](#), which has submitted comments asking the EPA to adopt the CARB Rule as the rule of the land. Other FWIC members include AWFS, the Composite Panel Association, the Kitchen Cabinet Manufacturers Association, the Business & Institutional Furniture Manufacturers Association and the American Home Furnishings Alliance.

**Perkins Modernization Act:** The AWFS Public Policy Committee has identified funding for Career Technical Education as a top priority. WMMA members joined AWFS Fly-in participants to lobby for support of [H.R. 1447 – Perkins Modernization Act of 2015](#), introduced by Rep. Joseph Kennedy III (D-MA). It would reauthorize funding to support academic, career and

technical skills of secondary education students and post-secondary students who elect to enroll in career and technical education programs.

*"The status of education in the upcoming budget is probably anyone's guess, however, clearly there is interest and activity related to CTE and the offices we spoke with were upbeat and positive, if needing to take a little longer range view than we would like,"* said Kevin Bedell, co-chair of the AWFS Public Policy Committee and executive accounts directors for ABAD Foam. *"It still remains critical for legislators to repeatedly hear from industry about the importance of CTE classes to the manufacturing segments. We are most encouraged with our meetings with Senators Tim Kaine and Rob Portman and Representatives Glenn Thompson and Joe Kennedy."*

Kevin Corder, co-chair of the AWFS Public Policy Committee and director of business development of Froedge Machine & Supply, said the Fly-in meetings showed that many in Congress understand U.S. manufacturing's need for the next generation of a job-ready workforce.

*"The lack of skilled workers coming into the industry is huge as we are all aware. The emphasis on and support of Career Technical Education (CTE) classes means more students graduating with awareness of careers in manufacturing as well as with applicable skills. One of the nice things about the growing awareness or re-awakening of the importance of CTE is that education is looking for better ways to align with industry certifications. The creation of a Wood Manufacturing Skill Standard by the Woodwork Career Alliance (WCA) is so very timely in this regard—and the WCA has developed a certificate expressly for high school level (called the Sawblade Certificate) which not many of the other manufacturing segments offer."*

## **Mark Your Calendars for 2016 Fly-in**

The WMMA Public Policy Committee voted last month to hold its next Fly-in in tandem with the National Association of Manufacturers' Manufacturing Summit, June 7-8, 2016.

It's a logical progression as WMMA has gotten more involved with NAM through its membership of NAM's Council of Manufacturing Associations. NAM supported WMMA's Sept. 15 Fly-in by furnishing a breakfast keynote speaker who set the stage for the day. Ned Monroe, vice president of external relations for NAM, provided an up-to-date snap shot of the some of the key issues NAM is addressing including the looming federal budget vote and potential government shutdown.

*"Partnering with NAM will provide strength in numbers with a stronger pro-manufacturing agenda representing not only the interests of the WMMA but manufacturing in general,"* Scott said. *"This helps us to support our manufacturing customers as well."*

*"WMMA's synergies with NAM are very exciting,"* Herzog said. *"Two-thirds of NAM's 14,000 members are small businesses, so opinions like ours matter. Joining forces with a powerful entity like NAM will raise us above the clutter and lend new visibility and credibility to our cause. We're also excited to benefit from the insights and workshops that a dynamic group like NAM will offer."*

To learn more about how to get involved with the Public Policy Committee and the 2016 Fly-in, contact T.R. Herzog at [trh@accu-router.com](mailto:trh@accu-router.com) or (931) 304-9290.

# **Legislation & Regulation Roundup**

## Happy Manufacturing Day!

Manufacturers across the country will celebrate National Manufacturing Day, Friday, Oct. 2. [Rep. Michael Burgess \(R-TX\) voiced his support](#) for the annual day of observance during a Sept. 16 speech on the House floor. "During a time in which the manufacturing sector is under a number of challenges, Manufacturing Day aims to revitalize the image of manufacturing and to bring awareness of this sector's many contributions to the economy and to the United State' competitiveness."



## Opponents Step Up Criticism of Hardwood Checkoff Program

[The US Hardwood Lumber Industrial Coalition recently reiterated its call for the proposed Hardwood Checkoff Program to be nixed.](#) According to *Woodworking Network*, the opposition group argued that a recent decision to remove hardwood plywood, flooring and green mill producers from the program substantially drops its annual revenue generating potential to under \$2 million. That's too little to effectively promote hardwood products to consumers, ala the "Got Milk" campaign by dairy producers.

The Blue Ribbon Committee, which voluntarily acted to scale back its Hardwood Checkoff Program, contended that the program would still generate upwards of \$4 million a year. The original plan called for fees collected from hardwood product shipments would annually generate \$10 million for the promotion. The U.S. Department of Agriculture has yet to set a date for a referendum vote on the controversial program.

Meanwhile, [the legality of the three-year-old Softwood Lumber Checkoff has been called into question](#) by a U.S. District Court ruling, *Woodworking Network* reported. Judge James Boasberg sided with Montreal-based Resolute Forest Products, which filed a lawsuit against the USDA in December 2014 questioning the validity of the program.

## Bill Introduced to Reauthorize and Reform EX-IM Bank

[Rep. Stephen Fincher \(R-TN\) introduced H.R. 3611](#) on Sept. 25 as a companion bill to S. 819 Export-Import Bank Reform and Reauthorization Act of 2015 introduced March 19 by Sen. Mark Kirk (R-IL) that would reauthorize the Export-Import Bank (Ex-Im Bank) through fiscal year 2019. Ex-Im Bank is used by many U.S. companies, including some members of the WMMA, to facilitate payment of equipment sold abroad. Fincher's bill was assigned to the House Financial Services Committee.

## NAM Survey Highlights Manufacturers' Concerns of EPA Clean Power Rule

More than 80% of manufacturers responding to the [National Association of Manufacturers' Third Quarter Outlook Survey](#) are concerned that the Environmental Protection Agency's proposed Clean Power Rule will lead to increased costs for energy and equipment. Respondents also expressed their concern about additional administrative burdens and the potential for the rule to hamper construction and expansion plans.

## ITC Votes to Probe SawStop's Patent Complaint vs. Bosch

[The U.S. International Trade Commission \(USITC\) recently voted to investigate](#) whether the new Bosch REAXX jobsite table saw infringes on safety patents owned by SawStop LLC. SawStop, which has also filed a lawsuit in the U.S. District Court of Oregon, asked the USITC to issue a cease and desist order against Robert Bosch GmbH of Germany and its U.S. subsidiary based in Mount Prospect, IL, to market and sell the REAXX table saw in the U.S.

## OSHA Extends Comment Period for Workplace Accident Reporting Rule

The U.S. Occupational Safety and Health Administration (OSHA) struck a compromise with the National Association of Home Builders (NAHB) by issuing a 30-day extension for accepting comments to its proposed ["Clarification of Employer's Continuing Obligation to Make and Maintain an Accurate Record of Each Recordable Injury and Illness"](#) rule. NAHB had asked for a 60-day extension to submit comments. The new public comment deadline is Oct. 28.

## USDA Names Tall Wood Building Winners

The U.S. Department of Agriculture in partnership with the Softwood Lumber Board and the Binational



Softwood Lumber Council announced winners of its [U.S. Tall Wood Building Prize Competition](#). The two winning teams will each receive \$1.5 million to support their projects including a 12-story building in Portland, OR, and a 10-story building in New York City. The competition promotes next-generation lumber and mass timber products such as cross laminated timber.

## Cited & Fined

### **OSHA Says Flooring Firm 'Concealed' Hazardous Machines**

[MP Global Products of Norfolk, Ne, faces \\$244,000 in penalties](#) after the company tried to hide hazardous machines from inspectors and threatened to fire employees who complained about unsafe working conditions stemming from the investigation of a temporary worker who suffered an amputation while operating a machine. OSHA said many of the "concealed" machines lacked safety guards. In addition to being cited for 2 willful and 22 serious safety violations, MP Global was placed on OSHA's Severe Violator Enforcement Program.

### **Georgia Window & Door Firm Fined \$66,000**

[The U.S. Occupational Safety and Health Administration issued \\$66,000 in proposed fines to Dyke Industries](#) of Norcross for 11 serious safety violations including exposing 90 workers to amputation and combustible dust hazards. OSHA also fined two staffing agencies that supplied temporary workers to Dyke's facility for exposing workers to unguarded machinery.

### **MS Sawmill Cited for ComDust and Other Hazards**

[Tallahatchie Lumber and Mat Co. Inc. of Tallahatchie, MS, was fined \\$78,800 by OSHA](#) for one willful and 22 severe safety violations. OSHA said some of the equipment at the mill lacked safety devices to prevent machinery from starting up during maintenance and servicing. The plant was also cited for exposing workers to unguarded machinery and fire and explosion hazards due to combustible dust accumulation.



#### **Wood Machinery Manufacturers of America**

9 Newport Drive, Suite 200, Forest Hill, MD 21050

Ph: 443.640.1052 | Fax: 443.640.1031 | [www.wmma.org](http://www.wmma.org) | [info@wmma.org](mailto:info@wmma.org)

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