



2020 April

Monthly newsletter of

Appalachian Hardwood Manufacturers, Inc.

www.appalachianhardwood.org | info@appalachianhardwood.org

COVID-19 Slows Hardwood Customers, Mills

Most state governors have issued "shelter in place" orders and restrictions that have impacted hardwood customers and that is now pushing back up the supply chain.

Appalachian hardwood sawmills have continued operating as the forest products industry was designated "essential" by the U.S. Homeland Security. This means logging, sawmill and distribution yards are open.

The demand for product, however, has several mills reducing hours, based on conversations this week. Interestingly, log supplies are increasing at a time when demand for lumber is stable.

Some wood secondary manufacturers - furniture, flooring, cabinets and others - have been closed temporarily because of different interpretations by state officials. These businesses have been required to complete waiver applications before operating.

To provide direction to state and local officials, DHS issued an "Essential Critical Infrastructure Workforce" advisory list in March. This guidance helps federal, state, local, tribal and territorial officials make decisions to protect their communities, while ensuring continuity of functions critical to public health and safety, as well as economic and national security.

Several provisions in the latest guidance, which was issued on March 28, include listing the forest products sector as critical to the nation's infrastructure workforce. These include:

- Workers who support sawmills and the manufacture and distribution of fiber and forest products, including, but not limited to timber, paper, and other wood and fiber products;

- Workers supporting the energy sector through renewable energy infrastructure (including biomass) and construction, manufacturing,

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transportation, permitting, operation/maintenance, monitoring, and logistics;

- Workers who support the supply chain of building materials from production through application/installation, including cabinetry, fixtures, doors.

A related issue is the availability of containers for export shipments. AHMI member Laufer Group reported recently that "the initial surge of cargo departing China over the last couple of weeks seems to be losing momentum as future forecasts quickly become uncertain as COVID-19 impacts the US economy. Importers are bracing for potential order uncertainties and potential cancellations as the country unites on limiting the spread by closing and or limiting retail and all non-essential businesses in high impact regions. "

A decline in imports to the U.S. obviously reduces the volume of containers available. AHMI members are encouraged to work closely with freight forwarders to resolve issues.

The past several weeks have been challenging as we navigate through the COVID-19 pandemic. AHMI plans to continue to provide important and timely information by email and direct mail. If you have questions or needs, please contact the office immediately.

And you may have already seen a new video from the National Hardwood Lumber Association about the essential materials from hardwood resources. To view and share, please go to:

<https://www.youtube.com/watch?v=atLbEj5S-4U&feature=youtu.be>

Government Resources For COVID-19 Answers

There are dozens of resources available to help answer questions regarding Federal and State guidance for the COVID-19 pandemic. Please see the list below for advice but also discuss with your human resource professionals, accountants, and attorneys before making decisions for your employees and business.

Here are resources provided by the Hardwood Federation:

Fact Sheets and Q&A on Workers and the American Workplace (including paid leave requirements) under the Families First Bill:

<https://www.dol.gov/agencies/whd/pandemic>

Department of Labor News Releases:

<https://www.dol.gov/newsroom/releases/whd/whd20200324>

<https://www.dol.gov/newsroom/releases/whd/whd20200326>

Federal Tax Payments, Deadlines, and Stimulus Checks:

<https://www.irs.gov/coronavirus>

Workplace Safety (OSHA), Wages, Hours and Leave, and Unemployment Insurance:

<https://www.dol.gov/coronavirus>

Small Business Guidance and Loan Resources:

<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

Small Business Disaster Loan Assistance:

<https://www.sba.gov/disaster-assistance/coronavirus-covid-19>

Comprehensive guide of State Resources & Restrictions:

<https://web.csg.org/covid19/state-covid-19-websites-and-related-resources/>

Federal Motor Carrier Safety Regulations (FMCSR) Emergency Declaration:

<https://www.fmcsa.dot.gov/emergency/expanded-emergency-declaration-under-49-cfr-ss-39023-no-2020-002-relating-covid-19>

Center for Disease Control and Prevention (CDC) latest information on COVID-19: <https://www.cdc.gov/coronavirus/2019-ncov>

www.cdc.gov/coronavirus/2019-ncov

State by State Manufacturing Resource Information:

<https://www.nam.org/covid-19-state-resources/>

Please check with your local and state government offices for specific changes in regulations that effect your business. These are often updated daily.

AHMI will provide information by email to keep members informed. The office remains open and receiving email at info@appalachianhardwood.org or telephone (336) 885-8315.

Government OKs Business Relief Measures

By Dana Lee Cole, HF Executive Director

Over the past few weeks, Congress has passed, and the President has signed, three pieces of legislation to address the medical and economic strains resulting from the Covid-19 (Coronavirus) pandemic. The first bill, signed March 3, provided \$8.3 billion for health providers, disease testing and small-business loan subsidies. On March 18, a second relief package of about \$100 billion included tax credits for employers offering paid sick leave and increases to unemployment benefits and food assistance. On March 27, President Trump signed the third phase of relief, the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide \$2 trillion in direct payments to citizens, loans and grants to small and medium business, and support for medical and first responders.

Please note that application processes and guidelines for most are yet to be developed:

- **Disaster Assistance Loans - Now used** for natural disasters in standard times, the Disaster Assistance provided by the Small Business Administration (SBA) allows for affordable financial help to businesses in declared disaster zones (all 50 states have been declared for Covid-19). This allows for economic injury loans of up to \$2 million at a low rate and is currently available.

- **Paycheck Protection Program (PPP) - coming soon** - expands the emergency lending program housed in the Small Business Administration (SBA) 7(a) lending program. The PPP contains \$349 billion in lending capacity available to businesses and qualifying entities with fewer than 500 employees and allows for federally insured, fully forgivable loans up to \$10 million if all criteria are met. Details and application processes soon .

- **Net Operating Losses (NOLs)** — relaxes the limitations on a company's use of losses from prior years. The Tax Cuts and Jobs Act had eliminated for most taxpayers the use of so-called net operating loss (NOL) carrybacks. The CARES Act would allow losses from 2018, 2019, or 2020 to be carried back five years.

HARDWOOD FEDERATION

- **Deferred Social Security Tax Payment** — allows employers and self-employed individuals to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government with respect to their employees. The provision requires that the deferred employment tax be paid in two payments by Dec. 31, 2021 and the balance by Dec. 31, 2022.

- **Refundable Payroll Tax Credit** — authorizes a refundable payroll tax credit for 50% of wages paid by employers to employees during the COVID-19 crisis. The credit is available to employers whose (1) operations were fully or partially suspended, due to a COVID-19-related shut-down order, or (2) gross receipts declined by more than 50% when compared to the same quarter in the prior year. The credit is based on qualified wages paid to the employee. For employers with greater than 100 full-time employees, qualified wages are wages paid to employees when they are not providing services due to the COVID-19-related circumstances described above.

- **Corporate AMT Credits** — The corporate alternative minimum tax (AMT) was repealed as part of the Tax Cuts and Jobs Act, but corporate AMT credits were made available as refundable credits over several years, ending in 2021.

- **Business Interest Limitation** — temporarily increases the amount of interest expense businesses are allowed to deduct on their tax returns, by increasing the 30% limitation to 50% of taxable income for 2019 and 2020.

- **S-Corp and Pass Throughs** — language modifies the limitation on losses for taxpayers other than corporations.

You should consult with your accounting professional about the above tax provisions to ensure that you take full advantage of their benefits.

Hardwood Promotion Coalition Makes Progress

The Real American Hardwood Promotion Coalition (RAHPC) is making crucial progress in efforts to establish a united marketing strategy for the American hardwood industry.

To date, the RAHPC has generated \$238,000 from 25 industry associations. Those dollars are funding the first phase of the project: research, and brand development. Professional companies are under contract to provide market research and develop brand messaging.

There have been questions about the need for research. In order to properly address the issue...the decline of domestic hardwood use and understanding of the benefits of using our products...we need to gather direct feedback from the consumers. To best understand how to strategically promote our products effectively, we need to know what consumers and those who influence consumers are thinking TODAY.

FOCUS GROUPS

To assess consumer attitudes, four focus groups were held in late January and early February. A focus group is a strategically selected group of diverse people assembled to participate in a guided discussion about a topic prior to the initial launching campaign of that specific topic.

We talked to two types of people at each location. The first consisted of consumers that had performed major renovations in their homes within the last year. The second was a group of architects, contractors, and designers. Online polling of additional prosumers and consumers are being planned, as well as phone interviews with industry leaders to round out the research process.

A series of questions by a highly qualified facilitator-led to dialogue about home renovations, materials, sourcing, forest products, sustainability and much more. Some key findings of the focus groups include:

Consumers:

- Perform most of the research themselves on their renovation projects. They rely on a variety of different resources; for instance, popular online shopping sites, television shows, local home improvement stores and word of mouth;
- Want a "quick and now" answer for their

Real American Hardwood Promotion



Now is the Time!

renovations, often based on current trends;

- Decisions are most often budget-driven;
- Associate real wood products with high fashion and a perceived status;
- Do not understand the terms sustainability and environmentally friendly;
- Misinterpret characteristics associated with the forest products industry.

Architects, Builders, and Designers:

- Generally not the influencer; customers know what they want;
- Typically forced to stay within a strict budget;
- Believe home improvement television shows do not present realistic costs and time estimates;
- Agree most popular home renovations are kitchens, bathrooms, and flooring;
- Have numerous sources for their raw materials and no allegiance to products Made in America.

Much of this information is already well known by hardwood insiders, but there were data points that were unexpected. These will help us as we move into our second phase, brand development.

Upcoming Real American Hardwood Promotion presentations:

May 19: Keystone Wood Products Association, Mifflinburg, PA

July 26-28: AHMI Summer Conference, Asheville, NC

Aug. 19-21: Hardwood Manufacturers Association, Nashville, TN

Sept. 24: National Hardwood Lumber Association, Louisville, KY

AHMI is a founding member of the Real American Hardwood Promotion and placing regular updates at www.appalachianhardwood.org/real. For more information, please send an email to hardwoodpromotion@gmail.com or contact the AHMI office.

AHMI Event Calendar

Appalachian Hardwood Manufacturers, Inc. will attend / display at the following meetings and events to promote AHMI member companies:

May 19: **Keystone Wood Products**, Mifflinburg, PA

June: **Hardwood Federation Fly-In**, Washington, DC

June 12-14: **High Point Furniture Market**, High Point, NC

July 16-18: **WVFA Annual Meeting**, Canaan Valley, WV

July 25-28: **AHMI Summer Conference**, Asheville, NC

Aug. 19-21: **HMA Convention**, Nashville, TN

Aug. 25-27 **KFIA Annual Meeting**, Louisville, KY

Aug. 25-28: **IWF**, Atlanta, GA

Sept. 8: **ALC Meeting**, Concord, NC

Sept. 23-25: **NHLA Convention**, Louisville, KY

Oct. 9-10: **Expo Richmond**, Richmond, VA

Oct. 16-21: **High Point Furniture Market**, High Point, NC

Oct. 19: **ISFD Pinnacle Awards**, High Point, NC

If you know of events, contact Tom Inman at tom@appalachianwood.org and provide details. AHMI members are invited to join Inman at the events listed above. Companies can distribute materials and work the AHMI booth or exhibit.



AHMI welcomes the following new members:

Forestry

Forecon, Inc.

John Gifford

1890 East Main Street

Falconer, NY 14733

Phone: 716-664-5602

j.gifford@foreconinc.com

Supplier

WoodEye

Claus Staalner

11770 Haynes Bridge Rd, Ste 205-360

Atlanta, GA 30009

Phone: 770-995-6765

claus.staalner@woodeye.com

New members are vital to the work of AHMI. If you know of companies that should join, please share that information with the AHMI office.

Join Us On Twitter, Facebook

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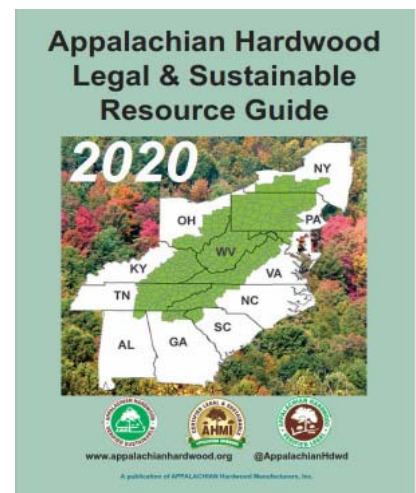
2020 Resource Guide Published To Buyers

Appalachian Hardwood Manufacturers, Inc. has published its 2020 Appalachian Hardwood Legal and Sustainable Resource Guide and sent to thousands of lumber buyers across the U.S.

The Resource Guide went online on March 25 and is available at www.appalachianhardwood.org. It has been mailed to domestic buyers, members and friends this week and emailed to thousands of lumber buyers around the world.

The Guide will be distributed at trade shows for the remainder of the year. It includes listings for all members, information about the association and promotional materials.

If you need additional copies, please contact the AHMI office at (336) 885-8315.



Sample Letter For 'Essential' Employees

As state, county and municipal governments issue shelter-in-place orders, your employees may face questions in driving to and from work. Many industries who are deemed “essential” by the U.S. Department of Homeland Security are providing letters to their employees to assist them in answering questions while traveling to and from work.

Below is a draft of a letter to use as your company determines is necessary. Please print on your company letterhead and complete with the date, employee’s name, company information and contact before distributing to employees. This letter is no guarantee that your employees will be allowed to travel by local authorities.

If you have questions or other needs, please contact the AHMI office.

2020 ESSENTIAL CRITICAL INFRASTRUCTURE WORKER

[DATE]

To whom it may concern:

This letter identifies _____ as an Essential Critical Infrastructure Worker who works at _____, located at _____.

U.S. President Donald Trump’s Coronavirus Guidance for America states that “If you work in a critical infrastructure industry, as defined by the Department of Homeland Security, you have a special responsibility to maintain your normal work schedule.”

Furthermore, in accordance with the President’s mandate, and in collaboration with other federal agencies and the private sector, the Cybersecurity and Infrastructure Security Agency (CISA) of the U.S. Department of Homeland Security (DHS) developed a list of “Essential Critical Infrastructure Workers” that identified as essential the following category:

- Workers who support the manufacture and distribution of forest products, including, but not limited to timber, paper, and other wood products

The employee whose name appears above is asked to maintain his or her normal work schedule in order to maintain proper operations of our forest products company, which has been designated as part of our nation’s critical infrastructure. As a result, the holder of this letter must be able to travel to go to and/or from work throughout the day and night.

Therefore, I request that you please allow this forest products worker to continue to travel to and from his/her place of employment in accordance with his/her status as an Essential Critical Infrastructure Worker for the duration of this national/state emergency.

Please contact _____ at _____ should you have any questions regarding this letter.

Thank you,

[INSERT NAME]

[INSERT TITLE]