

## AHMI Crowd Enjoys Conference At Greenbrier *Sessions give timely info on workforce, technology in 2021*

The 2021 AHMI Summer Conference was a great success with a crowd reminiscent of 10 years ago, timely business sessions and an upbeat attitude from everyone.

The Conference was expanded to two full days with business presentations on key Appalachian sawmill, yard and secondary manufacturing issues. The mood was positive as sawmills, secondary manufacturers and suppliers report sales increases for 2021. There are reports throughout this newsletter.

The opening remarks were provided by Dr. John Rainone of Dabney S. Lancaster Community College who is partnering with two other colleges and AHMI to develop the Appalachian Hardwood Training Institute. The group has applied for a grant from the Appalachian Regional Commission to train workers and prospective employees on hardwood sawmill and distribution yard jobs.

The lack of workers continues to limit production capacity for most mills. Potential workers are not aware of the industry or have little training.

Rainone said the grant will fund curriculum development, course promotion and tuition assistance at DSLCC, Glenville State College in West Virginia and Big Sandy Community College in Kentucky. Companies could send workers to one of the colleges or set up online training for more than a dozen areas like:

- Log/Lumber Grading and Scaling
- Hardwood Sawing
- Lumber Drying and Resaw Operation
- Lumber Drying Techniques
- Lumber Stresses, Figures, and Grading
- Log Yard Equipment Operation



**AHMI  
Chairman  
Jay Reese  
opened the  
session from  
the Speakers  
Podium in  
the  
Governor's  
Hall at the  
Bunker in  
the  
Greenbrier**

- OSHA Safety Monitoring
- Machinist, Welding, Electronics
- CDL – Class A and B
- Chainsaw Operation and Maintenance

It is expected that at least 75 companies will participate in the training and 80% of businesses will see an increase in productivity from workers, Rainone said. He forecast that 90% of trainees will retain their jobs and an estimated 80% of trainees will improve skills.

The plan is to expand the offerings to community colleges in all 12 Appalachian states. It is supported by Community Colleges of Appalachia and the American Association of Community Colleges.

The application has passed two levels of approval from ARC and is awaiting final action. Development would begin in the fall of 2021 and the first courses would be taught in the fall of 2022.



## 25-Year Members



**AHMI Chairman Jay Reese congratulates John Foley (left) of BPM Lumber and Joe Pryor of Oaks Unlimited for 25 years of membership in AHMI. Both individuals and their companies have been very supportive of AHMI programs and active members. Thank you for your commitment!**

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. We have a packet of materials that explain the promotion work, retirement plan, health insurance and meeting opportunities through membership.

### Thank You Conference Sponsors

for making our meeting a great success!

Sunday Reception: **Stringer Industries**

Monday Reception: **PLM Insurance**

Tuesday Reception: **UBS Wealth**

Morning Break: **DMSi**

Sporting Clays and Lunch: **Farm Credit of the Virginias**

Golf Prizes and Lunch: **Corley Manufacturing**

Golf Refreshments: **SII Dry Kilns**

General Meeting

**Stiles Machinery, Nyle Dry Kilns, MICI (Ligna), and CombiLift**

## COVID Hurts Logging Capacity In AHMI States

The executive director of the West Virginia Loggers Council says the COVID-19 pandemic has reduced logging capacity in the state and across the region.

Eric Carlson, who also is executive director of the West Virginia Forestry Association, discussed the impact at the 2021 AHMI Summer Conference. While the number of cases in the logging community are unknown, the reduction in sawmill demand and the lack of workers impacted loggers and logging companies in the past 18 months.

Carlson cited a 2021 study by the Northeast Center for Occupational Health and Safety that found that many loggers had participated in training or read materials about COVID-19. More than 60% said they would seek medical attention if they had symptoms.

The keys issues for West Virginia are:

- Workforce availability both skilled and unskilled
- Supply Chain –Equipment- Trucks, Parts
- Workers Compensation –Barrier for Expansion
- Limited Options for Insurance
- Deliberate Intent Law
- Prices and Demand- Harvesting Shifts

Carlson said the number of loggers in West Virginia is down 12 percent since 2019. A high percentage of those companies fell trees by hand and health insurance options are low.

The future for logging does have positives:

- 1) Logger and Log Trucking Relief Program (\$2,000-\$125,000 available)
- 2) Increased Road Weight Limits using “pup” trailer on State Highways
- 3) Logging and Sediment Control Act -94% compliance
- 4) Innovation in harvesting methods

For a copy of his presentation, please contact the AHMI office.

## Stiles Promotes Solid Hardwood Solutions

Stiles Machinery is focused on solutions for solid hardwood manufacturing to utilize technology, increase production and deal with workforce challenges.

Chuck Carter, Stiles product manager, said the company is focused on adapting technology in all products to help wood companies. Stiles is an industry leader in equipment for manufacturing profiles and mouldings, furniture components, cabinet doors, and millwork for the architectural product markets.

The company makes and distributes equipment to rip or crosscut material, planers, moulders, or improve handling and optimization processes, Carter said. The focus is helping companies identify the technology and processes that allow them to do more with less.

The presentation identified the Kentwood HD Series that has configurations for the requirements and challenges of the high-volume, industrial producer. He said the equipment allows for efficiently managing short production runs or processing large raw materials.

Carter identified a list of worldwide equipment manufacturers that Stiles represents to bring dozens of options to customers.

Jim Stube of Stiles' Building Automation team said this division focuses on offsite manufacturing of large panels and mass timber products. As timber building projects increase across the world, Stiles has partnered with companies to again offer solutions.

Both shared that the lack of dependable skilled labor is impacting manual operations at all levels. The need to get projects done quickly with the highest quality is a focus for Stiles.

Stiles Machinery Inc. was founded in Grand Rapids, Michigan in 1965. It developed a partnership with HOMAG in 2009 and was purchased by HOMAG Group AG in 2014.



**WVGBC's Phil Cornett (right) explains process to AHMI members during cooperage plant tour**

## Conference Ends With WV Great Barrel Factory Tour

AHMI members and guests toured the West Virginia Great Barrel Co. cooperage plant to conclude the 2021 Summer Conference.

The company was formed in 2017 to create good jobs in The Greenbrier Valley and manufacture top quality bourbon and whiskey barrels in one of the most advanced cooperage facilities, said President Phil Cornett. Its focus has been on minimizing variation in the barrel-making process using tight-grained Appalachian White Oak.

The company works closely with loggers, Cornett said, to selectively and sustainably harvested trees and quarter-sawn into staves.

The wood is air dried at its stave mill in Monroe County, WV. It is delivered to the cooperage plant and conditioned in pre-dryers manufactured by SII Dry Kilns.

The plant is among the most technologically advanced in the world using robots and automation for many processes. Cornett said they are approaching 70% capacity and hope to achieve full capacity in coming months.

The company has a stave mill about 30 miles from the site and plans to open another production facility in Virginia next year.



# Federal Infrastructure Bill Moves Forward

*By Dana Lee Cole, HF Executive Director*

Like virtually every other spot in the U.S. right now, the weather in D.C. is hot. Also becoming increasingly heated, are negotiations along Pennsylvania Avenue on how to move President Biden's agenda through an evenly divided Congress.

A bipartisan infrastructure package addressing the President's priorities has passed the Senate as has a \$3.5 trillion "blueprint" to fund those programs not funded in the first bill. Both now head to the House where they face an uncertain future given the Democrat's very narrow majority. The Fall session will likely be consumed by debate over these two legislative efforts.

Also, in the mix will be the Administration's more aggressive policy priorities around "social infrastructure" and climate change that are embodied in President Biden's American Jobs Plan and American Families Plan. There are a number of tax proposals embedded in these plans that impact the business community.

For our sector, there are two provisions that have raised alarms. One is ending long-standing capital gains tax break on inheritances known as "step-up in basis," which allows taxpayers to use the market value of assets at the time of inheritance rather than the purchase price as the cost basis for capital gains when the holdings are sold.

An example is a couple with one dependent bought stock 20 years ago for \$10,000. After the couple passes, the dependent inherits the stock – which is now worth \$100,000. If she immediately sells the stock for \$100,000, the amount of gain to be taxed is calculated by subtracting the basis (typically the amount paid for the stock) from the amount received for the sale.

Without a step up in basis, the gain would be \$90,000 (\$100,000 - \$10,000), and the dependent would pay capital gains tax on it. However, with the stepped-up basis, there is nothing to tax.

The other proposal that has attracted considerable attention is what groups in town are characterizing as a second death tax. The proposal

## Hardwood Federation

would raise the capital gains tax rate from 23.8 to 43.4 percent. Any assets that you have are considered sold the day you die with the first million being exempt. The 43.4 percent rate would be imposed on your final tax return.

These are but two of the many proposed tax increases floating around D.C. this summer. There are also proposals to reduce or eliminate the current standard for businesses' interest expense deductions and to cap the eligibility for pass through deductions, phasing out those making more than \$400,000 from a business where the income passes through directly to the owner or owners, until fully phasing out at \$500,000.

Hardwood companies have also expressed concern about the proposed elimination of 1031 exchanges which defer certain tax payments on property-investment gains of over \$500,000. We are doing our best to track those that have the widespread impact on the hardwood industry.

The good news is that these proposals have unified the business community in opposition and an impressive number of Democrats have come out against them. However, the President and his team are looking at a window for action that could be closing and result in a court press on Congress.

Historically, consider that major initiatives sought by a new administration typically occur in the first two years. Examples include enactment of the Affordable Care Act signed during the first Obama administration in 2010 and the Tax Cuts and Jobs Act during the Trump Presidency in 2017. With many political prognosticators predicting the House may flip to Republican control after the 2022 elections, the Biden Administration and House and Senate leadership are laser focused on moving key pieces of these two plans.

As always, the Hardwood Federation will remain vigilant and continue our frequent conversations with key Democrats and Republicans in the House and Senate about HF priorities.

AHMI's Tom Inman (left) visits with Mike Lewis and Jeff Lewis of Lewis Brothers Lumber at the NWFA Flooring Expo in FL.



Hundreds of flooring manufacturers, distributors and installers participated in the annual trade show. AHMI distributed Resource Guides and talked with dozens of lumber buyers.

## Ethan Allen Reports 95% Increase In Sales

DANBURY, CT – Ethan Allen reports that fiscal 2021 fourth-quarter sales of \$178.3 million is an increase of 94.7% compared with the same prior-year period.

The AHMI-member company said in its press release the performance reflected an overall bounce-back in home furnishings retail, as this year's fiscal fourth quarter was matched against a period last year when brick-and-mortar stores were shutting down due to the COVID-19 pandemic.

For the three months ended June 30, the vertically integrated manufacturer and retailer recorded net income of \$18.9 million. Ethan Allen lost \$3.7 million in fiscal 2020's fourth quarter.

"Many of the changes we implemented last year have allowed us to better manage expenses and improve our operating leverage," said Chairman, President and CEO Farooq Kathwari in a release. "We, like others, have been impacted by supply chain issues, including raw material delays and increased costs of shipping."

"Fortunately, about 75% of our products are made in our North American manufacturing workshops," he said. "These are an important competitive advantage."

## AHMI Event Calendar

Appalachian Hardwood Manufacturers, Inc. plans to attend the following events to promote AHMI member companies and products. Members are welcome to participate in the AHMI exhibit and we can assist with registration if required. Please check with the AHMI office before you make final plans:

Sept. 14: **ALC**, Greensboro, NC

Sept. 15-17: **NWPCA Annual Conference**, Orlando, FL

Sept. 22-24: **NHLA Convention**, West Palm Beach, FL

Sept. 29-Oct. 1: **NC Forestry Association**, Greensboro, NC

Oct. 13-15: **WoodPro Expo**, Lancaster, PA

Oct. 15-20: **Sustainability Solutions**, High Point, NC

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

Nov. 9: **ALC**, Johnson City, TN

### **2022**

Feb. 7-9: **IHLA Convention**, Indianapolis, IN

If you know of events that we should consider, contact AHMI at [info@appalachianhardwood.org](mailto:info@appalachianhardwood.org) and provide details.

Follow AHMI on social media with updates on members, hardwood promotion and more. Please connect at: [/instagram/appalachianhdwd](https://www.instagram.com/appalachianhdwd) and LinkedIn under [Appalachian Hardwood](#).

## Certified Appalachian Helps Sell Lumber

AHMI members seeking certification for products to meet customer needs should consider Certified Appalachian Legal & Sustainable. The program provides a third-party audit of resources and processing.



For more information, please call the AHMI office at (336) 885-8315 or email [info@appalachianhardwood.org](mailto:info@appalachianhardwood.org).

## Report from Breakouts

There were three afternoon sessions for attendees and the report follows:

### Structural Grades for Hardwoods

Virginia Tech researcher Sailesh Adhikari provided an update on the Poplar Cross-Laminated Timber project and structural grades for hardwoods. The project will build panels for testing and the results submitted to the APA for inclusion in U.S. building codes.

Six AHMI member companies donated Poplar that was ripped and surfaced to nominal dimensions for SmartLam to process and test. Adhikari presented results of testing that shows NHLA graded 2Com and 3Com Poplar achieved a higher structural grade than expected.

The research is very positive for sawmills to produce structural materials. The panels will be made in September.

### Log Grading Guidelines

Curt Hassler of the West Virginia University Appalachian Hardwood Center presented details on the Log Grading and Scaling Guidelines that were developed by AHMI and the AHC. The booklet is the first update since the 1960s to general information on log grades and the changes caused by defects.

The Guidelines and presentation are available to AHMI members. There are also plans for other training workshops in coming months.

### AHMI 401k MEP Program

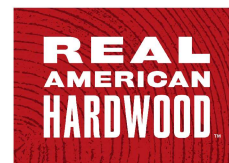
The AHMI Plan has more than 20 companies enrolled and has grown to more than \$33 million in investments.

UBS Financial representatives shared information during the Conference with every attendee about their current plan and how it compares to the AHMI program. To date, every company enrolled has saved money on the administration and audit costs and lowered the fees on investments.

UBS will provide a package specific to your company and enrollment is simple. Please contact the AHMI office for details.

These presentations are available from the AHMI office.

## Real American Hardwood Has Logo, More Available



The Real American Hardwood™ Campaign has launched and the logo is now available for download and use across the hardwood industry spectrum. Coalition Board members Dana Cole and Amy Snell presented at update on the effort.

Cole said the logo may be used by any company that is a member of one of the RAHC fund-ing associations. Individual companies that provide financial support outside of association membership are also eligible to participate in the RAH campaign.

Products or packaging displaying the logo must also meet the definition of Real American Hardwood as developed by the Real American Hardwood Coalition (RAHC): "Real American Hardwood is defined as solid hardwood and veneered hardwood products from resources that are grown in the United States. Real American Hardwood maintains the integrity of the natural wood and is not a replication or non-wood product; its natural appearance (grain) has not been altered prior to finishing."

Products displaying or associated with the logo must be 90% by volume sourced hardwood material. This is the same standard as the federal "Made in America" program.

Snell said every company in the hardwood supply chain is encouraged to visit [www.RealAmericanHardwood.org](http://www.RealAmericanHardwood.org).

She said the Coalition has begun its work to reach the millions of domestic consumers of Real American Hardwood items. RAHC priorities for the coming year include building significant industry participation in brand and logo use, creating and launching a consumer-focused website highlighting the multiple benefits of hardwood products, and expanding industry association membership in the RAHC.

Please contact the Coalition at [info@realamericanhardwood.org](mailto:info@realamericanhardwood.org).