

Wood Chip Markets Decline In Region

The paper and packaging industries in Appalachia are reducing hours and demand for wood chips with one facility set to close.

Pactiv Evergreen announced in March the closing of its mill in Canton, NC, as part of its efforts to restructure its beverage merchandising operations. Company officials say the mill and its converting facility in Olmsted Falls, OH, are expected to cease operating in the second quarter of 2023.

Approximately 1,300 positions will be eliminated, officials said. "As we continue to confront a challenging market environment, we are faced with these difficult decisions that directly impact our employees," a company press release states. "We assess all changes to the business with considerable thought for our employees, customers, shareholders and communities, and do not take these decisions lightly."

There are reports that Domtar has reduced incoming purchases at the Hawesville, KY, facility. The company recently resumed operations at its mill in Kingsport, TN, after completing the two-year conversion of the facility from an uncoated freesheet paper mill into the company's first 100-percent-recycled packaging plant.

The project totaled \$350 million and makes the site home to the second-largest recycled containerboard machine in North America.

The American Forest & Paper Association (AF&PA) January 2023 Monthly report showed printing-writing paper shipments decreased 9% in January compared to January 2022. Shipments were down in 3 of the 4 major P-W grades.

AHMI has invited WestRock Fiber Procurement Manager John Hancock to speak at the 2023 Summer Conference in July. The facility is located in Covington, VA.

AHMI has contacted Virginia Tech to research the wood pulp production in the region and new markets.

Fire Damages Pierson Lumber

Fire caused widespread damage on March 28 at Pierson Lumber in Clay County, West Virginia.

Clay Volunteer Fire Chief Mike Scott said the sawmill was mostly engulfed when crews from multiple fire departments arrived. The mill is located in a long 'L' shaped wooden building.

Owner David Pierson said no one was injured in the fire. He plans to rebuild.

We wish him and his employees the best during this time. David serves on the Appalachian Hardwood Manufacturers, Inc. Board of Trustees.

Pierson Lumber is one of the largest private employers in Clay County, WV. It was started in 1942 by David's grandfather and employs 32 people.

US Homes Store Carbon For Decades

New research from U.S. Forest Service scientists and partners indicates that the wood used to build and maintain houses will continue to account for nearly half to more than three quarters of the carbon stored in wood products annually.

The wood used to build homes sequesters carbon over the long term. Since over 90 percent of new single-family homes are built mainly with wood, the carbon storage capacity adds up.

The outcome hinges on trends in construction, such as the number of new houses built, the sizes of houses built, and the number of houses needing repair.

Harvested wood products found in the built
(See Carbon on page 3)

The way I see it...

By Tom Inman, AHMI President

...log supplies have been the talk of the winter as many sawmills have struggled to maintain inventories and operate.

There are three "categories" of sawmills as it relates to log supplies:

1) **Good shape:** about 40 percent of sawmills report log inventories are where they want. The winter has been drier for them and loggers can work. These mills report, however, timber costs have not adjusted to 2023 lumber prices.

2) **Getting by:** about 35 percent say they have enough logs to operate but need more to be efficient. The volume of logs received is matching the volume cut each week. These mills have had wet weather issues and reductions in supply from loggers. A few timber owners have decided not to sell this year.

3) **Hit or miss:** the remaining 25 percent of sawmills are operating reduced hours with some down for weeks. Three sawmills have reported being out of logs and operating as log yards to keep loggers bringing in material.

It is an odd time as supply can build in the spring. Sawmills owners say that demand for grade lumber demand is flat while industrial material is good.

Railway Tie Association Executive Director Nate Irby reported in Kentucky last week that demand for ties will be high for the next 12 months. He said the railroads are emphasizing tie replacement in 2023 and current inventory is down. That is good news for sawmills who produce ties.

The pallet industry reports that demand for their materials is steady.

Grade lumber markets are slow as housing cools and demand for flooring, furniture and cabinets is flat. The past two weeks have producers reporting better sales but wood using factories are reducing hours for the spring.

It continues to be interesting times as companies seek ways to increase efficiency and make the products their customers want.

Hope springs eternal - right?



MEMBERSHIP

AHMI welcomes the following new members:

Producer

GreenTree Forest Products, Inc.

James Wells

746 Muses Mill Road

Wallingford, KY 41093

606-462-1491

james@greentreeforest.com

www.greentreeforest.com

Producer

Smith Mountain Land & Lumber, Inc.

Monty Burnette

2868 Crab Orchard Rd.

Huddleston, VA 24104

540-297-1205

burnettema@earthlink.net

www.smithmountainlandandlumberinc.com

Distributor

Whitewater Forest Products

Chase Shiels

2720 Moraine Way

Batavia, OH 45103

513-724-0157

chase@whitewaterforest.com

www.whitewaterforest.com

Supplier

Green Lines Transportation

Kevin White

4313 US 311

Randleman, NC 27317

336-498-9546

kwhite@greenlines.net

www.greenlines.net

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 to explain our work and encourage companies to join AHMI.

Summer Conference Set At Greenbrier

AHMI will return to The Greenbrier in White Sulphur Springs, WV, for the 2023 Summer Conference. The Greenbrier is a National Historic Landmark and world-class resort that has been welcoming guests from around the world since 1778. America's Resort has long been a favorite destination of business leaders and AHMI members.

Business Sessions include:

- **Poplar CLT Plant Proposed in Virginia**
- **Update on Building Codes for Hardwood CLT**
- **WestRock & Pulp Markets In 2023**
- **BioChar Plants Make Filter Material**

Networking opportunities abound each day and at evening receptions. There will be golf, sporting clay and croquet tournaments.

Reservations are available now at [\(877\) 493-2941](tel:(877)493-2941). Meeting registration will be available soon.

For more information, call AHMI at (336) 885-8315 or visit www.appalachianhardwood.org/meetings.

Carbon from page 1

environment are an important carbon sink, helping to mitigate climate change and their trends in use are determined by economic and demographic factors which vary spatially, the study reports.

Spatially detailed projections of construction and stored carbon are needed for industry and public decision making, including for appreciating trends in values at risk from catastrophic disturbances.

The increase suggests that additions to the wood products carbon pool by construction activities more than offsets carbon decay (emissions) resulting from destruction of those structures, which is consistent with starts projections in counties.

Despite lower rates of future construction, the research finds that the U.S. residential housing sector would continue to play an important role in removing carbon from the atmosphere for the next several decades.

Research: Homeowners Plan Major Projects

ATLANTA - The housing market may remain challenged by rising mortgage rates and a slow-down in new construction but those who are already in their homes say they plan to do serious renovation projects with the intent to stay in those homes for at least another decade.

Houzz, an online resource for homeowners and the building business, recently surveyed more than 46,000 homeowners. It found that the majority, 61%, plan to renovate or remodel where they currently live and expect to continue living there for at least 11 years.

Many of those projects involve expansions or remodeling of rooms, using lumber and other building materials.

In its "U.S. State of the Industry" study, Houzz said the anticipated median spend for home renovation projects was \$15,000 with as much as \$85,000 for higher-budget projects. Last year, nearly three of five homeowners remodeled or decorated their homes with 48% making repairs of some sort.

Kitchen and bathroom remodels remain the top projects, the research showed, commanding the highest median spends as well. The percentage of homeowners who used professional builders on projects grew by six percentage points, from 36% to 44% last year and "design-related pros" also saw gains in their shares of business.

Baby Boomers continued to lead in renovation projects, accounting for 59% of all activity, far outpacing Gen Xers, 27%, and Millennials, 9%.

This article is reprinted from IWF-Industry Trend newsletter

Tax Ideas Keep Surfacing In Washington

By Dana Lee Cole, Executive Director
Hardwood Federation

Submission of the President's budget to Congress is an annual ritual that typically kicks off the Congressional appropriations process.

The Biden Administration unveiled its proposed Fiscal Year 2024 budget on March 9 and includes billion dollar plus increases for federal agencies and departments. What attracted our attention though is it also includes some hefty revenue raisers on small and medium sized Main Street businesses.

Among the more egregious provisions is a proposal to expand the Net Investment Income Tax (NIIT) to include the active income of pass-through business owners. The original NIIT purposefully excluded the business income of active owners because it was seen as tax on small businesses. The Administration is proposing to reverse course by characterizing this exclusion as a "loophole."

The proposal would increase the NIIT's rate from 3.8 percent to 5 percent. That would raise the top rate paid on all S corporation income to 42 percent, or twice the current rate on large public companies structured as C Corporations.

When tax rates are slated to increase in 2026, the top S corporation rate would rise to nearly 45 percent. The Joint Committee on Taxation scored the NIIT expansion as raising \$252 billion dollars over 10 years.

Combined with the scheduled rate increase on S-Corporations in 2026, it is estimated that it would result in tax increase on small businesses that exceeds \$300 billion. The Hardwood Federation, joining other association of the broader business community, signed a letter to Congressional leaders opposing this proposal.

There are other proposed revenue raisers that are worth flagging. Under the President's budget, any transfer of wealth or assets at death would be characterized as an income recognition event, meaning that the assets would be considered income and be taxed at fair market value. Under current law, tax payers may transfer wealth at death without triggering income taxes.

The proposal would also impact flow of wealth into or out of a grantor trust. Under the President's

budget, any deposits or withdrawals from a grantor trust would be considered a "sale" for income tax purposes and trigger a capital gains tax. Currently, these transactions are tax free.

On the corporate side, the proposal would increase the corporate tax rate to 28 percent from the current 21 percent rate.

It is important to keep in mind that Administration budget proposals are generally messaging documents to signal to Congressional appropriators the President's policy priorities. The divided nature of this Congress means these proposed revenue raisers will face stiff headwinds on the Hill.

In response to the President's budget priorities, and in response to input from their constituents, Congressional leaders are taking tax related actions of their own. Rep. Tracey Mann (R-KS) is leading a resolution in the House to highlight the importance of maintaining stepped up basis for preserving small businesses.

Earlier this month, a bipartisan group of Senators led by Senators Maggie Hassan (D-NH) and Todd Young (R-IN) introduced legislation to extend the research and development tax credit that expired last year and expand it to apply to more startups and small businesses.

Also in that mix and arguably more important for our sector is extending the 100 percent bonus depreciation benefit of the TCJA. Recall that full expensing ratcheted down to 80 percent at the beginning of this year and is slated to decrease by 20 percent each year until fully phased out in 2027.

The Hardwood Federation is also working to push for legislation that will restore industry's ability to take full advantage of a tax break, known as the *Earnings Before Interest, Taxes, Depreciation, and Amortization* (EBITDA) deduction, for interest incurred on business loans, a provision which expired last year. Again, this is a broader tax issue of concern to business associations large and small.

Sawmills and other capital-intensive operations rely on tax breaks directed at financing costs to raise capital, hire new workers, and expand operations. During the past year, interest rate hikes have led to higher financing costs and are taking a bite out of revenues.

Game of Logging Training At Glenville State Univ.

Appalachian Hardwood Training Initiative would like to invite you to a Game of Logging Training at Glenville State University Waco Center on April 14 from 7:30 am to 4:00 pm .

This one-day training will cover proper PPE while operating a chainsaw, the five safety features of the saw, parts of a saw tooth, proper chain sharpening, a tree felling demonstration and the opportunity for participants to fell a tree.

The center is located at 921 Mineral Road, Glenville, WV 26531. Tuition: \$58.00 for employer-sponsored students

Tuition assistance is available and you may be eligible to attend this class for FREE!

Please contact Gabrielle at (304) 462-6377 or Gabrielle.Dean@glenville.edu for more information and to see if you qualify. Please RSVP no later than 4/10/2023

Sawfilers Education Meeting Set May 18-20 In Florence, SC

The 2023 Annual Meeting of the SESFEA will be held at the Florence Center, Florence SC, and is open to all sawfilers and anyone who would like to attend.

The meeting includes a tour of Charles Ingram Lumber Co., family-owned and in operation since 1931. The mill cuts 200 million BF per year of southern yellow pine.

There is a golf tournament at the Traces Golf Course. The next day are presentations by:

Dave Born: Future Filer

Eric Gendron: Tension 101

Matt Cyr: Rebuilding after Unexpected Incidents

The room block expires April 18, 2023 at the Courtyard By Marriott, 2680 Hospitality Blvd, Florence, SC 29501 or call 843-662-7066. The Group Code: CILCILA. Rates begin at \$116.

Register online at <https://form.jotform.com/230466964021050>

Questions? Email sawfiler8@gmail.com

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:

Apr. 22-26: **High Point Furniture Market**, High Point, NC

May 4-7: **ALC Beach Meeting**, North Myrtle Beach, SC

May 19: **Southeast Sawfilers Association**, Florence, SC

June 13-15: **Hardwood Federation Fly-in**, Washington, DC

July 19-20: **Furniture Manufacturing Expo**, Hickory, NC

July 23-25: **AHMI Summer Conference**, The Greenbrier, White Sulphur Springs, WV

Aug. 21: **Penn York Lumbermen's Club**, Titusville, PA

Sept. 12-13: **PFFPA**, State College, PA

Sept. 12: **ALC**, TBD

Sept. 13-15: **WMMA Fall Tour**, Hershey, PA

Sept. 15-17: **Virginia Forest Products Association**, The Homestead, Hot Springs, VA

Sept. 26-29: **GreenBuild**, Washington, DC

Oct. 4-6: **NHLA Convention**, Louisville, KY

Oct. 14-18: **High Point Furniture Market**, High Point, NC

Oct. 19-20: **NC Export Conference**, Greensboro, NC

Nov. 14: **ALC**, Johnson City, TN

If you know of events that we should consider, contact AHMI at info@appalachianhardwood.org and provide details.



Staying Social With Real American Hardwood

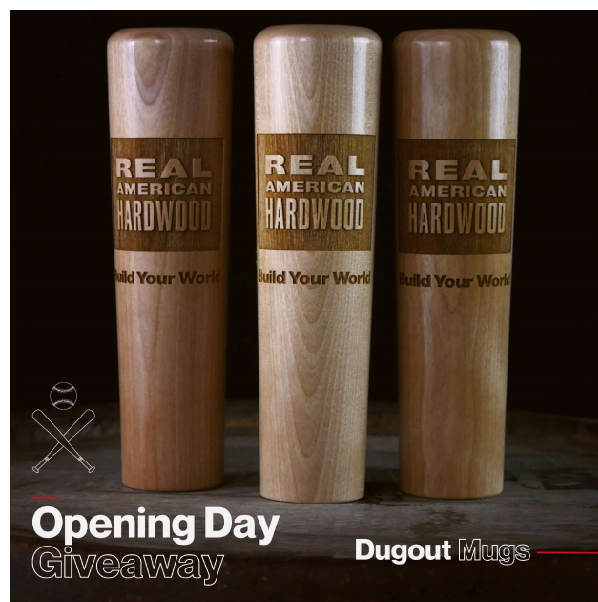
The Real American Hardwood Coalition (RAHC) is utilizing social media to inspire a healthy and stylish environment by showcasing the many benefits of natural wood products, while also relating wood to everyday life. Here's a brief review of recent posts.

Hitting a Home Run

Baseball season is underway and leading up to MLB's Opening Day on March 30, the RAHC hosted a giveaway on Instagram in collaboration with Dugout Mugs. Based in Winter Haven, Florida, the company crafts unique mugs out of real baseball bats.

The giveaway was designed to boost the RAHC's following, drive engagement, educate consumers, and promote hardwood—and it was a hit! More than 200 people participated in the giveaway, and a series of posts—including behind the scenes footage of making the mugs—received 18,120 impressions and generated 934 content interactions.

Three lucky winners received a yellow birch mug sporting the Real American Hardwood® logo and the Build Your World™ tagline. And they shared photos of their new mugs on their own Instagram stories!



assembled, strapped, charred, and pressurized with water to ensure there are no leaks.

That's Sweet

In honor of Maple Syrup Saturday, March 18, the RAHC continued connecting hardwoods to everyday life and put the spotlight on Vallee Farm, a family-owned syrup operation that produces the "real stuff" in St. Albans, Vermont.

The post provided some fun facts about maple trees, responsible forest management, the sugaring season, production, and the best ways to enjoy maple syrup, of course!

View the video on [Instagram](#).



Celebrating Whiskey

March 27 marked International Whiskey Day, and in celebration, the RAHC took followers on a tour of McGinnis Wood Products' cooperage in Cuba, Missouri.

The video went down the production line to show how white oak staves are

