TIMBER TALK

Your Voice for South Carolina Timber Harvesting

March/April, 2013

"THE HILL" – IT'S A LITTLE DYSFUNCTIONAL

SCTPA's Chairman Danny McKittrick, Vice Chairman Billy McKinney, former Chairman and board member Tommy Barnes and President Crad Jaynes made our annual trip to The Hill in Washington, DC April 11 and 12 to meet our South Carolina U.S. House members, Senators and staffers to promote the issues for the timber harvesting industry. A host of American Loggers Council member states' representatives there for the Spring board meeting also made the trip up The Hill to meet with their representatives, federal agencies and pertinent committee members.

It turned out to be a good trip with the warm weather in our nation's capital. It was a really busy time on the Hill with many people doing the same as we were, visiting representatives and promoting agendas. The visits were good with our staff members and we were able to meet with Congressman Joe Wilson and Congressman Jeff Duncan in person. SCTPA prepared a package for the each legislative office containing the American Loggers Council position papers along with a letter from the association detailing issues impacting our industry.

ALC Executive Director Danny Dructor provided a briefing on the issues to be presented from a national perspective on Thursday morning. Then we were off to climb The Hill for two days. Then on Saturday the ALC board meeting

was conducted.

One of the comments we heard in our meetings, "this place is a little dysfunctional." Duh… you reckon! But it's our political system and we as citizens many times don't like what goes on up there, but it's our system and well… sometimes it functions to our best interest and sometimes it doesn't. But it is still a pretty good system, not always, but it is what it is.

The discussions were great with both Congressmen and with all the staffers. We had a few new staffers to meet and interestingly enough all the staffers and both Congressmen were up to date with most of the issues discussed particularly getting the Silviculture Regulatory Consistency Act passed to codify the exemption for forest and logging roads under the Clean Water Act.

An ALC group met with U.S. Department of Transportation officials regarding the interstate weight issue and continued promoting the ALC position of allowing the individual state GVW for state roads to be moved on the interstate system within the state. And believe it or not, that is getting more traction. But as USDOT indicates, it cannot do anything until The Hill mandates it.

Overall we were pleased with the meetings and the responses for support. But it is DC and "that place"

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Inside ...

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works differently. But it's our political process with all the partisan and bi-partisan political posturing. A little dysfunctional at times, but it does work.

Below is the cover letter presented in the SCTPA information folder. The ALC Position Statements are included in this issue.

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April 11, 2013

Dear Congressman (Senator),

On behalf of the professionals harvesting, producing and transporting South Carolina's sustainable and renewable forest resources, we appreciate your service to the Palmetto State in Washington, DC.

South Carolina's forest products industry ranks as the Number One manufacturing segment of our state's economy with an economic impact of $17.5 billion annually. Timber is our state's Number One cash crop at $870 million annually. Forest products exports are $1 billion annually.

Our forest industry ranks first in employment including our professional timber harvesting, supplying and trucking businesses with a payroll over $2 billion and over 45,000 employed workers.

Our nation and state's forest products industries compete in the global marketplace. Our economies of scale within our own segment of professional timber harvesting, supplying and trucking have witnessed changes in our markets. The economic downturn over the past years has taken its toll on timber harvesting businesses and our rural communities supported by the forestry industry.

As our pulp and paper and even solid wood products industries continue to improve after the economic hard times, the forest products industry, timber harvesters and timber suppliers face major challenges to merely survive.

As our industry faces the current economic issues caused by solid wood products markets having reduced wood consumption due to decreased building and housing starts, yet there are signs of improvement within this segment, there is still the financial issue facing our SC and nation's professional timber harvesters due to the extremely tight financial requirements to obtain new or even pre-owned timber harvesting equipment and transportation units to operate timber harvesting businesses coupled with higher and higher fuel costs that drastically affects the bottom line of our industry's small businesses, the overall slowness of wood using markets to purchase wood as the raw material. So this has created tighter wood markets and a continued economic crunch that is still creating issues for mere survival in the timber harvesting industry.

This economic crisis has many of our professional loggers, wood suppliers and timber truckers in severe financial stress. This wood supply segment, particularly the timber harvesting segment, continues to be at the mercy of the economic pressures passed down from wood receivers that has somewhat suppressed any economic growth via of timber harvesting businesses expansion or availabilities of additional markets.

The challenges faced now not only impact the timber harvesting and wood supply segments, but also impact solid wood products, pulp and paper products manufacturing and timberland owners.

Professional loggers are having to operate older harvesting machines and haul trucks due to the revised financial requirements that are now prohibitive in allowing professional loggers to purchase and finance newer machines for increased productivity, efficiency and economics.

Alternative markets for the utilization of wood and woody biomass for the production of renewable energy, bio-fuels and other bio-related products are desperately needed and would improve availability of wood markets. This alternative market not only helps the timber supply and timber harvesting segments, but also helps forest landowners and rural communities for economic enhancement via jobs, local boost to their economy and overall contributions to our state and nation's economy.

As our nation attempts to reduce our dependence on foreign oil resources, we see an opportunity for our industry to continue to have markets for harvested timber as well as woody biomass from harvesting residuals and even non-merchantable roundwood. We have the available resources from our sustainable and renewable forests. But additional support from Washington, DC is needed to help spur these markets.

Technology is becoming available to utilize woody biomass for the processes to convert woody material to various products. These processes are environmentally safe, efficient, "green in nature," improve our air and climate, sequester carbon, create jobs and are good for the utilization of our sustainable and renewable forest resources.

However, much is needed via support for increased funding from Washington to increase the incentives for current and potential users of woody biomass to create these alternative markets in South Carolina.

Likewise it is "imperative" the United States Congress pass Renewable Energy Policies that include wood and woody biomass within the definition of Renewable Biomass. Without wood and woody biomass being included, there is little to no incentive for any woody biomass markets to develop in South Carolina.

Issues to be addressed and supported for sustaining the timber harvesting and forest products industry in South Carolina as well as nationally are;

- Support a Broader Definition of Renewable Biomass to include woody biomass from private and public land ownerships for the production of renewable energy, bio-fuels and other bio-products; improving air quality; sequestering carbon; improving economic vitality of rural communities through increased employment; providing incentives for new woody biomass utilizing mar-

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kets; reducing our dependence on foreign oil resources; and promoting sustainable economic growth. *Position Paper Included.*

- Support legislation that provides incentives for research, development, installation, implementation and expansion of woody biomass markets for the production of renewable energy and woody biomass based products.
- Support legislation to allow State Legal Gross Vehicle Weights for Agricultural Commodity Loads including Unmanufactured Forest Products to be trucked on the Interstate Systems **within** each state to improve highway safety, transportation logistics, reduce costs, improve motorists and truckers safety and reduce truck loads on rural and state highways by amending the United States Code, Title 23, Chapter 1, Subchapter 1, Section 127(a) by adding the following paragraph: "Individual State weight limitations and tolerances for agricultural (including forest) commodities that are applicable to State highways other than the Interstate System, shall be applicable in lieu of the requirements of this subsection." *Position Paper Included.*
- Support the American Loggers Council position on Federal Timber Concerns as this is a concern for South Carolina due to our two National Forests. *Position Paper Included.*
- Oppose legislation attempting to limit woody biomass utilization by competing markets so as to encourage an open market system for all woody products harvested from our renewable and sustainable forests.
- Support increasing energy production on federal lands by ramping up leasing and exploration activities. *Position Paper Included.*
- Support legislation to reduce the amount of over burdensome regulatory authority exerted on small businesses from the EPA and other federal agencies that discourage economic recovery and growth for the nation. Support the *Sunshine for Regulatory Decrees and Settlements Act of 2013* to open up the regulatory process to public input from those most affected by regulations
- Support the Silvicutural Regulatory Consistency Act to codify the exemption of forest and logging roads from the National Pollution Discharge System (NPDES) after the industry has been exempt for over thirty years. Even though the U.S. Supreme Court ruled in favor of forest and logging roads are exempt, coupled with the U.S. EPA's ruling that these roads are exempt as they are "non point source" pollution, there remains the avenue for those who oppose this to have avenues for litigation. The Silvicultural Regulatory Consistency Act MUST be passed by both bodies of Congress to allow the forestry industry to continue to contribute to our national and state economies without adding additional and burdensome costs to the management of forest lands and the harvesting of timber. *Position Paper Included.*
- Support legislative initiatives to provide funding to counties containing U.S. National Forests federal forestlands to generate revenue sufficient to support vital county activities due to Federal Lands not paying property taxes. Counties in South Carolina containing the Francis Marion and Sumter National Forests lands are hurting financially due to the issues surrounding the termination of the Secure Rural Schools and Community Self-Determination Act September 30, 2011.
- Support extending the agricultural exemption, now enjoyed by farmers and ranchers, to mechanical timber harvesting businesses to allow for the training of sixteen to eighteen year old sons and daughters to carry on the family logging businesses. *Position Paper Included.*
- Support legislation providing financial regulatory relief and incentives for professional timber harvesters to invest in improved timber harvesting equipment and woody biomass harvesting and processing equipment.
- Support legislation to reduce the tax burdens placed on small businesses to help stimulate economic recovery and growth.

On behalf of South Carolina's professional loggers, timber producers and unmanufactured forest products truckers, please support legislation to sustain our healthy forests, provide new alternative markets for wood and woody biomass and sustain our entire forest products industry so it does not follow the course taken by the textile industry that moved off shore and has virtually faded away.

Our wood supply chain consisting of landowners, loggers, wood dealers and wood consumers need a viable industry to sustain and create jobs, improve economies, create emerging industries, compete in the global marketplace and sustain our healthy, sustainable and renewable forest resources.

Again, thank you for your service and support of our state and nation's professional timber harvesting and forest products industries.

Sincerely,

Crad Jaynes

President & CEO
SC Timber Producers Association

SCTPA ON "THE HILL" APRIL 11 & 12, 2013

Congressman Joe Wilson

Congressman Jeff Duncan

American Loggers Council

Quarterly Report to the States
January 1, 2013 – March 31, 2013

The ALC Board of Directors has requested that a quarterly report be generated from the ALC office, highlighting the events and activities of the American Loggers Council. Our hopes are that you will use these reports to inform your members on how the American Loggers Council is working on their behalf to benefit the timber harvesting industry.

Executive Committee

The Executive Committee has held two meetings over the last quarter. Topics discussed included 2013 legislative efforts, the sponsorship drive, developing a 2012 annual report, and increasing the number if Individual Logger memberships. Also, the committee heard updated reports from the legislative committee, the membership committee, the transportation committee, the biomass committee and the communications committee.

Legislation

The Legislative Committee held one meeting during the quarter. Topics discussed included the ALC position papers that will be distributed on the Hill during the Spring Fly-in scheduled for April 11-12, 2013. There was also discussion on the ruling of the U.S. Supreme over the Clean Water Act and how it pertains to logging roads. Deb Hawkinson with the Forest Resources Association joined in on the call and discussed the issues that the FRA is currently engaged in and the FRA and the ALC will work together on those issues where there is similarity in opinion.

Danny Dructor and Jim Geisinger made a trip to Washington, DC in January the week prior to the inauguration of President Obama to get a sense of what the new Congress might have under consideration during the next session. At the time of the visit, sequestration, budgets and the fiscal cliff appeared to be absorbing all of the energy in Washington. They did make several key visits to allied organizations, including NAFO, NACD, FFRC, and the American Farm Bureau to see just what forestry issues they were making priority for 2013 and to determine how to combine resources to make our message more effective.

ALC past-president Matt Jensen testified before the House Natural Resources Committee on Public Lands and Environmental Regulations on February 26, 2013 to discuss the differences in efficiencies between State and Federal Timber Sale programs. The request for Matt to testify was a direct result of the January visit to DC.

Transportation

The ALC transportation committee did not formally meet from January through March, but ALC transportation committee chair Doug Duncan and others continue to monitor the development of Transportation Bill issues, weight issues and receive comments on CSA issues. Doug is currently seeking advice from the committee members on many issues as well as seeking to get the ALC a seat at the table on the National Freight Advisory Committee and is working with Henry Schienebeck of Wisconsin on some cargo securement regulations for hauling short wood sideways on a trailer. Changes in truck weights allowed on the federal interstate highway system continue to be a priority for the committee which is still pursuing recognizing state legal tolerance on the federal interstate highway system.

Communications

There have been monthly "As We See It" columns produced in January, February and March, pertaining to the state of the industry and the political climate in Washington. All three articles have been well received by others and reprinted in many state and regional industry publications.

A couple of press releases have been developed to promote the ALC participation at the February hearing in DC as well as the ongoing discussions between the FRA and the ALC.

Monthly "Washington Resource" reports, authored by ALC's Washington Liaison Frank Stewart have been distributed to ALC membership.

The ALC web site and both the ALC Facebook® and Twitter® pages continue to be updated on a fairly regular basis, and Mike Beardsley from Maine has played a big hand in assisting with the updates.

The 2012 Annual Report has been finalized and distribution will begin at the Spring Board of Directors meeting with copies being sent out to the membership.

Membership

The membership committee held one conference call during the quarter and continued moving forward with the 2013 Sponsorship Drive and goals for both voting members and Individual Logger members. Packets for individual logger recruitment are now complete and will be shipped out in early April to Leslie Equipment in West Virginia for a trial run. Leslie equipment has stores in both West Virginia and Ohio where the ALC has no representation.

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The sponsorship drive has already reached 111% of its target for 2013 with commitments totaling $138,750 out of a $125,000 target. The goal of obtaining two new sponsorships for 2013 has been reached and we welcome Barko Hydraulics, LLC and Fleetmatics as our latest sponsors.

Biomass Committee

The Biomass Committee did not meet during the quarter, but co-chair Larry Cumming participated in an Executive Committee teleconference and made the recommendation that they meet early in the 2nd quarter to discuss a path forward, including commenting on a study currently underway at the EPA to determine if biomass is exempt from the greenhouse gas tailoring rule. Larry also suggested approaching the pulp and paper manufacturers once the paper check-off program is in place to promote the fact that paper is made from 100% renewable energy.

Master Logger Certification Committee

Committee chair Crad Jaynes has requested an update from the states that are currently implementing the ALC MLC program and his report will be given at the Spring Board of Directors meeting in April.

Travel

Travel in the 1st Quarter of 2013 included a trip to Washington, DC in January to meet Congressional leaders and allied organizations to discuss forestry issues, as well as agency representatives from the USDA Forest Service, Department of Energy and Bureau of Land Management to discuss how to move woody biomass utilization forward. In February, ALC Executive VP Danny Dructor returned to Washington to participate in the Federal Forestry Research Advisory Committee.

Danny also traveled to Eugene, Oregon on February 21st & 22nd to visit with sponsors and members at the Oregon Loggers Conference where he successfully recruited a sponsorship for the ALC. He also traveled to Orlando, Florida on February 27th & 28th to attend the Appalachian Hardwood Manufacturers Association where he was invited to speak on the state of the timber harvesting industry in 2013.

A scheduled meeting in late March hosted by the U.S. Endowment for Forestry and Communities and the US Forest Service in Washington, DC to discuss the state of our industry and how to move forward was cancelled due to bad weather, but has been rescheduled for May 29-30.

Washington Resource

Frank Stewart has begun research on allowing 16-18 year old sons and daughters of logging business owners to work in the woods with their parents, much like the exemption that farmers and ranchers have for their children. Frank is also laying some of the groundwork for the April fly-in on this issue as well as the truck weight issue. He has participated in weekly conference calls concerning the Clean Water Act and Logging Roads and continues to produce a monthly report.

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AS WE SEE IT ...

AMERICAN LOGGERS COUNCIL MAY 2013

WHAT DOES A SUCCESSFUL LOGGER LOOK LIKE?

I'll let you know when I see one!! How do you make a million dollars logging? Start out with three!! What's the difference between a truck driver and a puppy? Puppies quit whining when they grow up!! Remember when the previous lines were considered to be jokes? For a majority of American Logger the humor has dissipated and the jokes have become more of a reality.

What does a successful logger/ trucker look like? First let's make a distinction between a self-employed independent logger/trucker and an employee logger/trucker. According to Robert Kiosoki in his book "The Cash Flow Quadrant", he says there is no difference between being self-employed and an employee. Either one is simply trading time for money. When an employee is done trading time the money stops. The same for being self-employed, when the work stops so does the money. Only difference is the self-employed person is willing to take a high rate of risk for usually the same or sometimes less money depending on management skills.

Again, what does success look like? For the purpose of this article we'll incorporate a baseline of what overall success might look like and what might influence it. First of all, success should be paid by performance. I would venture to say performance can be measured in any job in a variety of ways. If you're a lazy employee verses an ambitious employee, which should be reflected in your wage. Same as self-employed, if you work harder in the same amount of time you earn more money. Secondly success would be having medical insurance, life insurance, a retirement plan, and a paid vacation provided by the employer or to the self-employed person by his business.

Under the aforementioned model that means company, corporate, state, and county foresters are successful. Paper and other, such as saw and OSB mill employees are successful. In fact, one mill where I know some workers personally, they work less than 200 days a year and are still successful. The banker is successful along with the wood buyer, scaler, equipment manufacturer, salesperson and dealership mechanic. Even timber association executives and employees are successful. What about the employee/self-employed logger/trucker, why are they, by the standard written, not successful? Some are but they are far and few between. As long as we are at it, let's include the farmers in the unsuccessful category also. After all, many American loggers started out as farmers and still do both operations.

Whenever the question is asked of a logger/trucker/farmer as to why they're unsuccessful in the benefit category, the answer is 100% of the time; "we can't afford it because we don't get paid enough money." Although money can be part of the solution it's not "***THE***" solution. I would submit to you the problem is the culture and here's why. It's no secret some producers, for a variety of reasons, get paid more than others yet, even though they get more money they still have the same issues. That brings us back to the culture, a culture which invaded the timber industry decades ago at the producer level and it's done two things: 1. It's created a population that negatively envisions a logger, and the industry for that matter, as something which destroys nature, and 2. It's created a mindset in the loggers themselves as to what their self-value and priorities are.

The "success "issues facing loggers are not new but why have they never changed? This is just a theory and it may sound a bit cruel, but it may be because it's easier to blame someone else for the problem than looking in the mirror. Making friends now aren't we!! Let me explain. Would you agree communities of people who work and live in the same profession would most likely; to a great extent have the same mindset? There may be some variation but overall the mindset is very similar. That being said we could also agree the same mindset will produce the same result. Agreed? So here's the kicker; why would anyone care how successful we are when we don't care ourselves? I have yet to meet a logger who says it's his goal to work so he can provide health insurance, retirement, life insurance, and a paid vacation for his family's fun and security. I'm not saying everyone falls into this category but based on many discussions the majority do. Remember the culture we spoke of earlier? It's that culture that

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creates the thoughts that produces the results.

When logging full time and attending meetings, the in depth conversation was always about what type of harvest system a person owned, how much wood could be cut in a day, or how big of an engine was in the log truck which determined how fast it went up a certain hill loaded. In the old days it was how to file the crosscut or sharpen an ax, for which payments where made to the company store, and who had the best team of horses. It was all about production. That being said, the focus is still on having the latest and greatest equipment to produce more product. The assumption is more money will be earned which is true; however, history has proven time and again more production does not mean more ***retainable*** money. It simply means more production.

For most in the logging community that means the payment got bigger or stretched for a longer period with more interest paid. Having a payment means if you care about your credit rating to continue borrowing, there will be limited freedom because we typically do whatever it takes to make the payments. Once we're engaged in the production cycle, which has been going for generations, we tend to take whatever any purchaser is willing to pay for the product because our conscience mind says we have to make the payments. It all relates to the culture which creates the thinking.

The question is how can the cycle be broken? The bigger questions might be do American Loggers have the desire to break the cycle or will they continue to struggle like they have for generations. Since we're all working hard anyway, why not work hard for success? One thing you can be assured of is the American Loggers Council, working with its member and affiliated associations will never settle for mediocrity when success is obtainable.

Editor's note:

Henry Schienebeck is the Executive Director of the Great Lakes Timber Professionals Association located in Rhinelander, Wisconsin. For the follow-up article to Henry's editorial, please visit their website at www.timberpa.com. The American Loggers Council is a non-profit 501(c)(6) corporation representing professional timber harvesters in 30 states across the US. For more information, visit their web site at www.americanloggers.org or contact their office at 409-625-0206.

AS WE SEE IT …

AMERICAN LOGGERS COUNCIL JUNE 2013

KNOWING WHEN TO SAY NO

If you are still in the logging business today, you have probably become very adept about calculating the cost of doing business. With the rising price of equipment and parts; consumables such as fuel, tires and lubricants; not to mention higher labor costs and costs associated with regulation of the industry, you have to be on top of your game, knowing just what your fixed costs are and also have a good idea of your variable costs.

For years, the leadership of our industry has stressed the importance of knowing what it costs to produce a unit of fiber. There have been numerous studies completed by Universities and organizations such as the Wood Supply Research Institute that help to determine some of the inefficiencies in the wood supply chain and thoughts on how best to reduce cost in our operating environment. While models have been developed to calculate what it "should" cost to produce a volume of fiber, they oftentimes leave out the many variables such as topography, quality of timber, regeneration harvest vs. thinning, tract size and other expectations that a consulting forester or landowner expect well after the ink is dry on a contract. Other variables that influence the cost of production include DOT inspections, turn- around time at the mill, breakdowns, labor shortages and weather, to name a few.

There continue to be meetings across the country that look at the entire wood supply chain and discussions that include the need for a cultural change in the way that business is conducted from the stump to the mill. Meetings and discussions are only as good as the follow-up and on-the-ground practices that occur as a result.

The old business model that has existed over the past 100+ years between loggers and their customers, the landowners and the consuming mills is no longer working. What has been missing from this model is the logger knowing when to say NO; NO to the landowner if they expect a higher price for their stumpage that would make you unprofitable or expectations of services that were not included in the contract; NO to the mill if the delivered rate is less than you can afford to pay a reasonable stumpage rate and charge a reasonable rate for the services that you will be providing. When there is not enough money left to make a reasonable profit for the business that you are depending on to afford a decent living and provide a retirement for you and your family, it is time to say NO.

You have equipped yourself with the tools and knowledge that you need to make these decisions over the past several years as your business has gained efficiencies both on-the-ground and through better management. Now you must use them. Perhaps it is time that logger training include negotiation skills for loggers. Would you attend?

While there are many variables that impact profitability and success in this industry, oftentimes loggers can be their own worst adversaries. Until we view ourselves in a better light and learn the business ropes better, including negotiation, can we really expect to do any better?

As we have all heard repeatedly, "There are three legs to the supply chain, and all need to be strong." Opportunities are coming back for the professional timber harvester as markets improve across the country. Let's not blow it by selling ourselves short. Know when to say NO, and realize an opportunity where one exists. As upbeat 2013 quarterly reports from some of the major forest products corporations begin to trickle in, a quote from a good colleague simply states, "We don't mind sharing some of the pain in the down cycles, but it would be great if we could also share some of the gains in the up cycles."

The American Loggers Council is a non-profit 501(c)(6) corporation representing professional timber harvesters in 30 states across the US. For more information, visit their web site at www.americanloggers.org or contact their office at 409-625-0206.

Senator Greg Gregory's Position on SC's Infrastructure Issues

What is the most pressing issue facing SC? Is it attempting to nullify Obamacare? Is it the question of whether to expand Medicaid coverage? Is it putting up legal barricades to block possible federal curbs on gun rights? While my email in-box would seem to indicate so, I believe our #1 concern is addressing the dire condition of the state's roads and bridges.

Maintaining our infrastructure is central to the safety of our citizens and our state's competitiveness, but it is a responsibility that has been dodged for decades. More than one-half of our primary and secondary toads are now designated as being in poor or very poor condition, and we are on a 200-year cycle of resurfacing some of them.

What's the solution? Mostly it is money. More of it should be dedicated to roads. An allocation from growth in SC's general revenues, combined with $100MM the House budget has dedicated mostly from car sales tax, might yield us $250MM. The problem is we need $600MM in new money a year to get our roads in shape. The only way to cover that gap is to increase the fuel tax. After all, it is the purest user fee.

SC attempts to maintain the nation's 4th largest state road system on the 4th lowest fuel tax. That dog won't hunt. Our tax has been 16.75 cents per gallon since 1987. NC's tax is 39 cents. SC spends $15,000 per mile to maintain its roads. NC spends $150,000.

My solution: Increase the fuel tax 2 cents per year for 5 years. By the 5th year the increase would yield $370MM per year.

Oliver Wendell Holmes said, "Taxes are what we pay for a civilized society." Groucho Marx said, "Politics is the art of looking for trouble, finding it everywhere, diagnosing it incorrectly and applying the wrong remedies."

As SC has progressed our roads have, until recent times, kept up. We can fix them now, or later. Later will cost more in auto repair and tax dollars.

SC Senator Greg Gregory (R) represents Lancaster and York Counties. Article reprinted from Senator Gregory's Spring Legislative Report.

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More Brands Dump Sustainable Forest Initiative's Paper Certification Program

By Leon Kaye, May 2, 2013

On Wednesday, ForestEthics announced that more major brands have moved away from the Sustainable Forestry Initiative (SFI) paper products certification program. Office Depot, Southwest Airlines and Cricket Communications have joined HP in the shift away from the U.S. paper industry-backed SFI in the tussle over certified paper products.

ForestEthics has led the charge against SFI

ForestEthics has long alleged that SFI is a front for the paper industry, and a Fall 2010 report accusing SFI of "greenwashing" was been just one battle in the fight between paper certification programs including the Forest Stewardship Council (FSC).
The announcement comes despite what ForestEthics describes as tactics attempting to "bully" the organization into silence. According to Executive Director, Todd Paglia, SFI and its backers, which include Weyerhaeuser, International Paper and Sierra Pacific, have engaged lawyers in an attempt to squelch ForestEthics' criticism of SFI.

Last month, a Seattle law firm sent ForestEthics a "cease and desist" letter over the semantics of how the Seattle-based group described SFI's structure–and reminded ForestEthics of the technicality that a non-profit cannot be "owned" by anyone. Nine days later, ForestEthics' lead council responded in kind with a tit-for-tat response.

Meanwhile, ForestEthics displays an infographic on its site describing in detail the influencers behind SFI's paper certification scheme.

Legal antics aside, the number of major brands who have either dropped SFI or are shifting away from it now stands at 24. HP has announced that all of its everyday paper products are now only certified by the Forest Stewardship Council. AT&T, Allstate, Pitney Bowes and United Stationers have also indicated they are moving away from using SFI-certified paper.

ForestEthics has long criticized SFI for what the NGO describes as "greenwashing" and has pressured companies to become more accountable for paper sourcing throughout its supply chain; expect more converts despite SFI's well-funded backers–and the "SFI Program" meme who has penned a canned response to almost every 3p article mentioning SFI.

The shift away from SFI and alignment with FSC is in part due to the shakeout in certifications–expect more programs covering everything from paper to fair trade to ethically manufactured products to disappear over time. And the stubborn fact remains that as consumers pay more attention to what goes on behind the scenes and in the supply chain, transparency will win. SFI can indulge in all the legalese it wants–but SFI's ties with pulp and paper companies leave it with a huge perception problem. Instead of hiring lawyers, SFI should start by cleaning house–with a chain saw.

Based in Fresno, California, Leon Kaye is the editor of GreenGoPost.com and frequently writes about business sustainability strategy. Leon also contributes to Guardian Sustainable Business; his work has also appeared on Sustainable Brands, Inhabitat and Earth911. You can find Leon on Twitter and Instagram (greengopost). [Image credit: ForestEthics]

SHOULD YOU UTILIZE SECTION 179 IN 2013?

Section 179 at a glance - New for 2013

2013 Deduction Limit = $500,000
This is good on new and used equipment, as well as off-the-shelf software.
2013 Limit on equipment purchases = $2,000,000
This is the maximum amount that can be spent on equipment before the Section 179 Deduction available to your company begins to be reduced.
Bonus Depreciation = 50%
This is taken after the $2 million limit in capital equipment purchases is reached. Note: Bonus Depreciation is available for new equipment only. Bonus Depreciation can also be taken by businesses that will have net operating losses in 2013. The above is an overall, "simplified" view of the Section 179 Deduction for 2013. For more details on limits and qualifying equipment, as well as Section 179 Qualified Financing, please read this entire website carefully.
Here is an example of Section 179 at work:

2013 Section 179
Example calculation

Equipment Purchases:	**$650,000**
First Year Write Off:	**$500,000**
****$500,000 is the maximum write off for 2013***	
50% Bonus First Year Depreciation:	**$ 75,000**
$650,000 - $500,000 = $150k x 50%	
Normal First Year Depreciation:	**$15,000**
20% in each of five years on remaining amount	
Total First Year Deduction:	**$590,000**
$500,000 + $75,000 + $15,000	
Tax Savings:	**$212,400**
$590,000 x 36% tax rate	
Equipment cost after Tax:	**$437,600**
$650,000 less all tax deductions	

More detailed Section 179 Information

What is the Section 179 Deduction?
Most people think the Section 179 deduction is some mysterious or complicated tax code. It really isn't, as you will see below.
Essentially, Section 179 of the IRS tax code allows businesses to deduct the full purchase price of qualifying equipment and/or software purchased or financed during the tax year. That means that if you buy (or lease) a piece of qualifying equipment, you can deduct the FULL PURCHASE PRICE from your gross income. It's an incentive created by the U.S. government to encourage businesses to buy equipment and invest in themselves.
Several years ago, Section 179 was often referred to as the "SUV Tax Loophole" or the "Hummer Deduction" because many businesses have used this tax code to write-off the purchase of qualifying vehicles at the time

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(like SUV's and Hummers). But, that particular benefit of Section 179 has been severely reduced in recent years. See www.irs.gov for current limits on business vehicles un Vehicles & Section 179.
Today, Section 179 is one of the few incentives included in any of the recent Stimulus Bills that actually helps small businesses. Although large businesses also benefit from Section 179 or Bonus Depreciation, the original target of this legislation was much needed tax relief for small businesses - and millions of small businesses are actually taking action and getting real benefits.

Essentially, Section 179 works like this:
When your business buys certain items of equipment, it typically gets to write them off a little at a time through depreciation. In other words, if your company spends $50,000 on a machine, it gets to write off (say) $10,000 a year for five years (these numbers are only meant to give you an example).
Now, while it's true that this is better than no write off at all, most business owners would really prefer to write off the **entire equipment purchase price** *for the year they buy it*.
In fact, if a business could write off the entire amount, they might add more equipment this year instead of waiting over the next few years. That's the whole purpose behind Section 179 - to motivate the American economy (and your business) to move in a positive direction. For most small businesses (adding total equipment, software, and vehicles totaling less than $500,000 in 2013), the entire cost can be written-off on the 2013 tax return.

Limits of Section 179
Section 179 does come with limits - there are caps to the total amount written off ($500,000 in 2013), and limits to the total amount of the equipment purchased ($2,000,000 in 2013). The deduction begins to phase out dollar-for-dollar after $2,000,000 is spent by a given business, so this makes it a true small and medium-sized business deduction.
After passage of the 'American Taxpayer Relief Act', large businesses that exceed the threshold of $2,000,000 in capital expenditure can take a Bonus Depreciation of 50% on the amount that exceeds the above limit. Nice.

Who Qualifies for Section 179?

All businesses that purchase, finance, and/or lease less than $2,000,000 in new or used business equipment during tax year 2013 should qualify for the Section 179 Deduction. If a business is unprofitable in 2013, and has no taxable income to use the deduction, that business can elect to use 50% Bonus Depreciation and carry-forward to a year when the business is profitable.
Most tangible goods including "off-the-shelf software" and business-use vehicles (restrictions apply) qualify for the Section 179 Deduction. For basic guidelines on what property is covered under the Section 179 tax code, please refer to www.irs.gov. Also, to qualify for the Section 179 Deduction, the equipment and/or software purchased or financed must be placed into service between January 1, 2013 and December 31, 2013.
The deduction begins to phase out if more than $2,000,000 of equipment is purchased - in fact, the deduction decreases on a dollar for dollar scale after that, making Section 179 a deduction specifically for small and medium-sized businesses. However, as noted above, large businesses can expense all qualifying capital expenditures with 50% Bonus Depreciation for the 2013 tax year.

What's the difference between Section 179 and Bonus Depreciation?
The most important difference is both new and used equipment qualify for the Section 179 Deduction (as long as the used equipment is "new to you"), while Bonus Depreciation covers new equipment only. Bonus Depreciation is useful to very large businesses spending more than $2,000,000 on new capital equipment in 2013. Also, businesses with a net loss in 2013 qualify to deduct some of the cost of new equipment and carry-forward the loss.
When applying these provisions, Section 179 is generally taken first, followed by Bonus Depreciation - unless the business has no taxable profit in 2013 because the unprofitable business is allowed to carry the loss forward to future years.

Section 179's "More Than 50 Percent Business-Use" Requirement
The equipment, vehicle(s), and/or software must be used for business purposes more than 50% of the time to qualify for the Section 179 Deduction. Simply multiply the cost of the equipment, vehicle(s), and/or software by the percentage of business-use to arrive at the monetary amount eligible for Section 179.

Article provided by SCTPA Allied Supplier Member, Elite Financial, Aiken, SC. Contact Micki Rekiel at 803-341-1115 or mkrekiel@gmail.com.


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FEDERAL TIMBER CONCERNS

The American Loggers Council (ALC) and its members from some 30 states remain very concerned about the pace and scale of forest restoration efforts by federal land management agencies across the country. While the health of our federal forests continues to deteriorate and catastrophic wildfire burns more and more of our federal forest assets every year, rural communities and the forest products industry continues to beg for more timber to sustain local communities and the industry they depend on. We address these concerns on two fronts: the agency appropriations process and the need for substantive legislative reform from the authorizing committees of Congress.

The budget crisis and the sequestration process have already resulted in some unanticipated impacts on the ability of the U.S. Forest Service and Bureau of Land Management to produce the timber sale volumes budgeted for in fiscal year 2013. Following Congress' inability to reach a compromise on a national budget at the end of February, sequestration automatically kicked in which reduced all non-defense, discretionary spending by 5%. The actual impact will likely be around 8% since much of the current fiscal year has expired.

On March 20 and 21, respectively, the Senate and House passed identical Continuing Resolutions (CR) to fund government operations for the balance of the fiscal year, through September 30, 2013. The CR enacted significant budget reductions for land management agencies, even below the sequestration levels. It included an additional 1.1% cut to National Forest System Operations, an additional 6% cut to Capital Improvement and Maintenance and a reduction in funding for fire suppression. The latter reduction will almost guarantee the need to redirect funds from other line items later in the year to supplement spending for wildfire suppression. The bottom line is, without further Congressional intervention, it will be all but impossible for the agencies to deliver on their timber sale commitments this year. Communities and the forests will continue to suffer.

In the authorizing committees, there is a desperate need to reform how federal forests are managed, how the economic needs of communities are addressed and how industry infrastructure is maintained. We know momentum is building to designate some portion of the federally managed forests to be held in a trust structure for the financial needs of federal forest dependent counties. While we support such a long-term solution of this nature, there is an immediate need for broad, bi-partisan legislation to dramatically increase the pace and scale of forest restoration and to rescue counties from financial insolvency due to the absence of active management of federal forests.

Following are some of the immediate steps ALC and others are advocating to increase the pace and scale of forest restoration on timber production on federal forests.

- Capture the opportunity for rural economic development and reduce the need for transfer payments (SNAP, TANF) to economically depressed areas by achieving efficiencies to reach 4 Billion Board Feet in 2014. For each additional million board feet sold, the wood products economy can add 17 additional family wage jobs.
- Immediately issue objection process regulations to expedite public involvement in forest restoration projects. The Administration should strongly support exemptions from administrative appeals for projects conducted using Categorical Exclusions
- Take advantage of strengthening lumber markets and installed capacity to expand mechanical treatments to acres in need of restoration. Set a goal of treating a minimum of 600,000 acres

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per year with mechanical treatments the produce merchantable wood. Stronger lumber markets can help overcome the price challenges facing biomass while still removing lower value materials from the forest.

- Declare an emergency on forest lands in Condition Class II and III, in particular on lands impacted by large scale beetle infestations, allowing the use of alternative arrangements for NEPA compliance. Using this authority will enable the Forest Service to begin investing in fire prevention while controlling suppression costs.
- Categorically Exclude all burned area rehabilitation and restoration, including reforestation, from NEPA; change the definition of burned area rehabilitation to include all post-fire activities necessary to reforest burned acres and charge to fire suppression, and adjust budget allocations accordingly.
- Move rapidly to plan and execute salvage operations for other catastrophic events, such as insect outbreaks, ice storms, and wind throw. Set a goal of at least 50% timely salvage on acres damaged by catastrophic events. Delays lead to reduced stumpage values, reduced employment, and adds to the backlog of lands in need of restoration.
- Redirect Forest Service budget away from land acquisition to focus on land management and reduction in the backlog of acres needing restoration or acres not meeting forest plan objectives for early seral age class.

While many of these steps can be taken by the Forest Service administratively, it would be of immense help to have Congress encourage the agency to do so. The nation's economy is rebounding with the housing market leading the way. Communities and county governments that are surrounded by federal forests and have a history of utilizing those forest resources to support their economies are on the verge of insolvency. The health of the forests is deteriorating at an escalating pace with the acreage being destroyed by fire every year far outpacing the acreage ever logged. Fish, water and wildlife resources are being decimated, as well. The bottom line for many states is that their federal forests are no longer an asset to depend on, but a liability to be afraid of. It is time to make a dramatic change in how we manage these resources.

Georgia-Pacific mulling $400M investment in plywood, lumber facilities

Staff Report
Published March 22, 2013

Georgia-Pacific said it is developing plans for nearly $400 million worth of investments in its plywood and lumber operations, which include five facilities in South Carolina.
Funding for significant engineering has been approved, the Atlanta-based company said, adding that it is evaluating facilities in South Carolina, as well as North Carolina, Georgia, Alabama, Mississippi, Arkansas and Texas.

Georgia-Pacific is looking to invest in its lumber and plywood operations. (Photo/Georgia-Pacific)

"These facility expansions and equipment upgrades will further strengthen the company's commitment to meet customers' needs in the building products industry," the company said.
The effort would increase Georgia-Pacific's overall plywood and lumber capacity by approximately 20%. Pending final site selection and required permitting, startup would be expected in the second half of 2014 through the beginning of 2015.

"The markets for our products are currently improving at a steady pace," said Mark Luetters, executive vice president of building products. "These proposed investments would position Georgia-Pacific to provide our current and potential customers with the products they need to grow with a long-term recovery in housing."
The company's lumber and plywood operations in South Carolina include plants in Allendale and Clarendon that manufacture oriented strand board, a sawmill in McCormick, a sawmill and wood and fiber supply office in Prosperity, and a stud mill in Russellville that has been idled.
Georgia-Pacific also manufactures Dixie paper products, corrugated packaging and thermosetting resins at three other S.C. facilities.
Georgia-Pacific, a subsidiary of privately held Koch Industries of Wichita, Kan., employs approximately 1,300 people in South Carolina.
Since 2006, Georgia-Pacific's building products business has invested about $1.5 billion for property and equipment upgrades and acquisitions.

Position of the American Loggers Council on a Definition for Renewable Biomass

The American Loggers Council (ALC) is a non-profit organization representing professional timber harvesters in 30 States across the United States. Our members have a responsibility for sustainably harvesting forest products from all of our nation's forests, including both private and public lands. The members of the ALC support a broad definition for Renewable Biomass which would:

1. **Utilize the forests' energy and climate benefits to replace or displace traditional fossil fuel.**
    - ALC views forests as a strategic renewable natural resource and supports diverse and robust markets for the full spectrum of woody materials to allow landowners and foresters to practice sustainable forestry while providing new opportunities and jobs for professional timber harvesters utilizing previously unused, unmerchantable material.
    - Intensive forest management can improve growth rates and productivity of forest stands resulting in increases in woody biomass (and other forest products) and greater ability of forests to sequester carbon.

2. **Include a broader definition of Forest Biomass in HR 6**
    - Restricting wood from private lands and prohibiting the use of wood from federal lands are unnecessary constraints that leave out completely sustainable and readily available sources of green energy.
    - The current definition of eligible biomass found in the Energy Independence and Security Act of 2007 (HR 6) severely constrains the ability of federal and non-federal forest lands to supply feedstock to our nation's renewable fuel goals. By limiting our nation's private forest landowners ability to market their feedstock ensures that those lands can and will be converted to non-forest uses over time. By eliminating biomass from public lands, the language ensures that our ability to manage our public forest land is limited and that we will continue to have forest health issues such as catastrophic wildfires and insect and disease infestations.

3. **Promotes economic growth and acts as a stimulus to rural economies**
    - Provide new markets for woody biomass which provide new income sources for family owned forests, helping them to recover their costs to own and manage their forests.
    - Create new industry and an opportunity for communities to create and maintain familywage jobs and diversify their economies.
    - Utilizes existing sustainable resources to create energy, not requiring extensive capital investment by rural communities that are historically located in timber dependent regions.

The American Loggers Council commends Congress on addressing the immense challenge of reducing the nation's dependence on fossil fuels. All renewable resources will be needed to meet the country's energy needs. Forests have a key advantage given their ability to produce energy independent of weather conditions that other renewable sources are subject to. We are committed to help craft a definition for Renewable Biomass that addresses sustainability concerns related to forests in a way that draws upon the existing forest harvesting practices – and making the changes where needed - to meet local forest conditions.

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State-legal Loads On the Interstate System Agricultural (Including Forest) Commodities

Individual states have long set weight limits for their roads and highways. With the advent of the Dwight D. Eisenhower System of Interstate and Defense Highways (Interstate system) the Federal Government established its own weight limits for this system. Thirteen states have received various exemptions from these limits. Transit buses and fire and other disaster response vehicles have temporary exemptions pending studies of their weight and use.

Generally, Title 23, Section 127(a), U.S, Code sets Interstate System weight limits at 20,000 pounds on a single axle; 34,000 pounds on tandems and a gross weight of 80,000 pounds on a 36 foot tandem spread. A bridge formula is used to recognize different axle spreads. These maximums include enforcement tolerances.

Based on safety considerations, the American Loggers Council (ALC) is proposing an additional exemption for agricultural (including forest) commodity loads that meet state-legal requirements and tolerances. The exemption is expected to result in a shift of a substantial amount of existing trip mileage from two-lane secondary roads and highways to the Interstate System and result in nominally fewer trips – and improves safety for the motoring public, including the trucks themselves.

The proposal requires the following (or similar) amendment to the United States Code:

Amend Title 23, Chapter 1, Subchapter I, Section 127(a), United States Code, by adding the following final paragraph: **"Individual State weight limitations and tolerances for agricultural (including forest) commodities that are applicable to State highways other than the Interstate System, shall be applicable in lieu of requirements of this subsection."**

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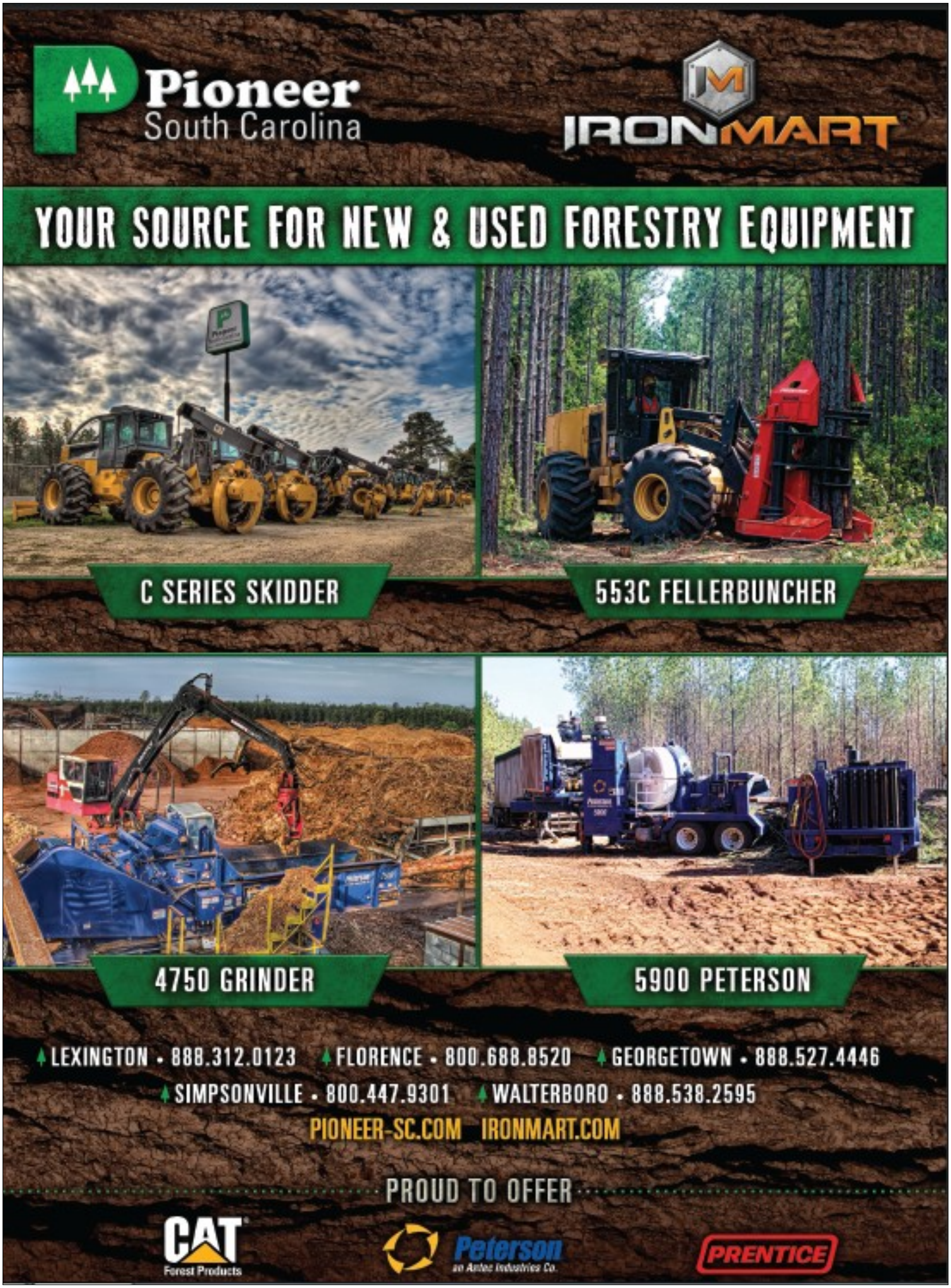
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Bold Road Plan Heads to Senate Floor

SC Chamber of Commerce Competitiveness Update Email, May 3, 2013

The Senate Finance Special Subcommittee on Transportation developed a comprehensive and bold infrastructure funding plan this week. The plan, now attached to House Speaker Bobby Harrell's infrastructure bill (H.3412), has various funding mechanisms to address the $29 billion in state road funding needs.

The Senate Finance plan would invest more than $2 billion over five years in interstate expansions, road and bridge repairs and resurfacing needs. The plan is a multi-faceted approach using a combination of funding options including: issuing general obligation and revenue bonds, transferring the vehicle sales tax on automobiles to the Highway Fund, indexing the state's motor fuel user fee, raising various vehicle related fees and providing for additional local option sales taxes for infrastructure purposes.

The special subcommittee was chaired by Sen. Ray Cleary (Georgetown) and met numerous times over the last several weeks to craft a well thought out, well reasoned and common sense plan to address this critical issue. Other Senators serving on the committee were: Thomas Alexander (Oconee), Paul Campbell (Berkeley), Darrell Jackson (Richland), Joel Lourie (Richland) and Yancey McGill (Williamsburg). The legislation passed out of the subcommittee with Sen. Yancey McGill (Williamsburg) voting "no," and then passed out of the Senate Finance Committee by a 13-5 vote.

The South Carolina Chamber of Commerce and allied organizations have long called for policy makers to work towards solving the state's road funding needs with a systematic, statewide approach. The Senate Finance plan begins the conversation with a politically viable solution, but policy leaders expect a great deal of debate and alternative solutions to be presented as it heads to the Senate floor for debate.

The plan relies heavily on a bonding component, with roughly $1.3 billion coming from general obligation and revenue bonds. It is important to note that major interstate projects, including expansion of Interstates 26 and 85, along with fixing the I-26/I-20 interchange (commonly referred to as "malfunction junction"), would consume the entire funding model under the Senate Finance plan with the bonding component. The South Carolina Chamber believes there must be a long term funding option to address long term needs. The business community's *Road Map to the Future* is a $6 billion plan with a focused, prioritized list of needs that must be addressed to continue to enhance economic development and allow commerce to flow through the Palmetto State.

Specifically, the Senate Finance plan moves $80 million in automobile sales tax collections to the Highway Fund over two years to be used for revenue bonds for interstate expansion and bridge replacement. In 2015, the state would begin issuing general obligation bonds for road repairs. The proposal also calls for indexing the motor fuel user fee to annual CPI growth, with a 1.5 cents cap per year. Interestingly, if in 1987 the General Assembly had indexed this fee, the state would currently collect roughly 30-cents per gallon of gasoline sold (versus the current 16-cents). The plan also gives local governments the option of a countywide 1 percent sales tax increase to be used for state road needs. The plan encompasses an incentive for counties to pass the increase by supplementing their road budgets with additional dollars from the state. Various vehicle and truck fees are also increased in the plan, including new flat fees on automobiles that are not solely powered by gasoline, generating roughly $50 million.

The road funding plan now moves to the Senate floor. The legislation must be set for Special Order to debate and pass any plan. The Chamber applauds the work of the subcommittee and the comprehensive plan that was developed. The business community will continue to work with the leadership, including Governor Nikki Haley, the House and the Senate, to ensure that infrastructure needs are not once again ignored, and the people of South Carolina can travel on safer, less congested roads and benefit from expanded economic opportunities.

Road Funding: If Not Now, When?

SC Chamber of Commerce Competitiveness Update Email May 10, 2013.

The time has come for Senators to stand up, be heard and be counted on road funding. The business community is united in finalizing recurring funding for the state's infrastructure. The Senate Finance Committee has passed a bold, forward thinking plan that could invest nearly $5 billion over five years if fully implemented. The Senate must now debate and allow all 46 Senators to be heard on individual ideas to invest in infrastructure.

With only a few weeks remaining in this year's legislative session, there is no greater priority for the General Assembly than investing in the state's roads and bridges. There are many other bills jockeying for consideration in the Senate but none of them create 150,000 jobs like the road funding bill.

This week, Senator Paul Campbell (Berkeley) detailed how much the road funding proposal would cost the average South Carolinian. For example, if the motor fuel user fee were indexed, the average citizen who drives 20,000 miles annually and gets 20 miles to the gallon would pay $4 per year. That is basically one gallon of motor fuel that right now is burned in a daily commute, parked in traffic on our state's congested thoroughfares.

Some in the Senate have argued against raising user fees. However, that is the most "fair" way to pay for the state's roads. Funding infrastructure is a core government function, and state leaders cannot ignore this responsibility. Interestingly, the Senate passed new user fees unanimously during the previous four year legislative cycle, and the ethics bill currently under consideration includes user fee increases. It is hard to reason that the millions of drivers who use South Carolina roads each year should not shoulder the bulk of the burden for road investment.

Some in the Senate have argued that bonding road funding is adding to the debt, and the state will end up like Washington D.C with trillions in debt and no plan to fix the nation's debt crisis. The current plan bonds $1.3 billion, and there is a specific plan to pay for the issuance of those bonds.

Some in the Senate have also argued against using General Fund dollars to help pay for the state's infrastructure needs. South Carolina is one of the few states without alternate sources of funding road needs. The General Fund should pay for critical infrastructure needs with statewide impact, much like last year when port harbor deepening was prioritized.

It is clear that the state needs to diversify how infrastructure is funded and maintained. South Carolina is one of the fastest growing states and one of the most business-friendly in the country. However, that is all predicated on moving people and goods safely and easily through the region. There is no greater priority and no more pressing issue on the Senate calendar than debating how to fund the state's roads. The Senate must debate the legislation this year since South Carolina needs to invest $600 million annually for the next 20 years. The Chamber supports broad solutions to fund road and bridge needs at this level, which will create jobs, reduce congestion and protect the safety of our citizens.

Last week, the Senate Finance Special Subcommittee on Transportation released a comprehensive infrastructure funding plan with various funding mechanisms to address the $29 billion in state road funding needs. The plan would invest nearly $5 billion over five years in interstate expansions, road and bridge repairs and resurfacing needs. Recently, the Associated General Contractors of America reported that nearly 30,000 jobs are created for each $1 billion invested in infrastructure. The current proposal would create nearly 150,000 jobs. There is no legislation before the House or Senate for consideration with that significant of an economic impact.

Specifically, the Senate Finance plan moves $80 million in automobile sales tax collections to the Highway Fund over two years to be used for revenue bonds for interstate expansion and bridge replacement. In 2015, the state would begin issuing general obligation bonds for road repairs. The proposal also calls for indexing the motor fuel user fee to annual CPI growth, with a 1.5 cents cap per year. The plan also gives local governments the option of a countywide 1 percent sales tax increase to be used for state road needs. The plan includes an incentive for counties to pass the increase by supplementing their road budgets with additional dollars from the state. Various vehicle and truck fees are also increased in the plan, including new flat fees on automobiles that are not solely powered by gasoline, generating roughly $50 million.

Currently, the Senate Democratic Caucus is almost unanimous in support of debating a road funding proposal this year. However, the Senate Republican Caucus remains divided on what legislation should be given priority status after the budget.

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The Clean Water Act and Forest Roads

On August 17, 2010, the Ninth Circuit Court of Appeals issued a decision in the case of *Northwest Environmental Defense Center (NEDC) vs. Brown* that could require the forest products industry to change long established forest management practices and obtain permits for the discharge of stormwater runoff associated with the harvest of timber for the first time in the history of the Clan Water Act (CWA). The panel decision overturns a three-decade-plus understanding of the CWA by holding that harvesting timber is an "industrial activity" requiring a National Pollution Discharge Elimination Permit (NPDES) for any stormwater runoff that reaches jurisdictional waters by means of culverts, ditches or similar conveyance structures. By defining stormwater runoff as a "point source" of pollution, the panel decision will create an overwhelming number of permit requests for millions of miles of forest roads and literally hundreds of thousands of culverts, leading to tremendous and burdensome permitting delays. The Environmental Protection Agency (EPA) has no program in place to process the unprecedented number of permits this decision will require, causing devastating delays and costs to forest owners, loggers, and other owners and operators of forest roads throughout the nation. None of this is necessary as stormwater runoff from forest lands and forest roads has been addressed nationwide under the CWA for decades as non-point pollution, minimized through thoughtfully developed and tested "Best Management Practices" (BMP's) at the state level with EPA oversight and the panel decision voids a time-tested system in favor of a wholly unworkable point-by-point federal regulation and undermines three decades of effort invested by forest landowners and operators in an effective non-point source program.

The American Loggers Council supports a legislative remedy which codifies the intent of Congress when promulgating the CWA, to permanently allow exemptions for Silvicutural activities, including the use of forest roads, from the NPDES permitting process. We look forward to working with members of Congress to ensure passage of the bill. For more information, please contact the American Loggers Council at 409-625-0206.

Farm Bill Energy Title Support Letter

April 5, 2012

The Honorable Debbie Stabenow
U.S. Senate
328A Russell Senate Office Building
Washington, DC 20510

The Honorable Pat Roberts
U.S. Senate
109 Hart Senate Office Building
Washington, DC 20510

The Honorable Frank Lucas
U.S. House of Representatives
1301 Longworth House Office Building
Washington, DC 20515

The Honorable Collin C. Peterson
U.S. House of Representatives
1305 Longworth House Office Building
Washington, DC 20515

Dear Senators Stabenow and Roberts and Representatives Lucas and Peterson:

The U.S. is experiencing strong growth in the development and commercialization of biofuels, bioproducts, biopower, biogas, energy crops, renewable energy and energy efficiency. These important and growing industries all benefit agriculture and forestry and are poised to make huge contributions to our economic, environmental and national security in the coming years, provided that we maintain stable policies that support clean energy manufacturing and innovation.

The Energy Title programs contained in the 2002 and 2008 Farm Bills are vital components in the continued growth of these industries. Programs like the Rural Energy for America Program (REAP), Biomass Crop Assistance Program (BCAP), Biorefinery Assistance Program (BAP) and Biobased Markets Program (Biopreferred) strongly support American agriculture and ensure broad public benefits to the entire country. Since some of these programs are just getting started, the next five years will be crucial for achieving success.

These programs are quite unique. They do not belong anywhere else than in the Farm Bill. Moreover, no other Federal or state agency is properly suited to supplant the role of the U.S. Department of Agriculture in advancing these targeted opportunities for the agricultural and forestry sectors.

Many tens of thousands of direct and indirect jobs are being created in rural areas by our nation’s expanding clean energy economy. This growth is occurring due in large part to Farm Bill energy programs, which have used a modest amount of federal money to leverage billions of dollars in private investment. These new agriculture, manufacturing, and high tech jobs are at risk without continued Federal investment.

The outstanding benefits of Energy Title programs also flow from a very modest investment. They accounted for only 0.7 percent of overall spending in the 2008 Farm Bill. As longstanding agricultural safety net programs come under increasing budgetary pressure, these energy investments create new opportunities for producers and rural communities to further diversify their income.

We recognize the fiscal challenges facing your committees as a new Farm Bill is drafted this year. However, for all of the reasons noted above, we urge you to ensure the vital Energy Title programs are re-authorized and afforded significant mandatory funding over the life of the legislation. Helping to grow the economy in these relatively inexpensive, but transformative ways will help ease the fiscal challenge in the years ahead while also addressing other critical national challenges.

We commend you for your leadership on all of these important issues and pledge to work with you to craft farm and energy policies that work for all of agriculture, clean energy industries and rural America.

Thank you.
Sincerely,

National Organizations
Airlines for America
American Council for an Energy-Efficient Economy
25x'25 Alliance
Advanced Ethanol Council
Advanced Biofuels Association
Advanced Biofuels USA
Ag Energy Coalition
Algal Biomass Organization
American Biogas Council
American Coalition for Ethanol
American Corn Growers Institute for Public Policy
American Council On Renewable Energy
American Institute for Medical and Biological Engineering
Association of State Energy Research and Technology Transfer Institutions
Biomass Coordinating Council of ACORE
Biomass Power Association
Biotechnology Industry Organization
Clean Fuels Development Coalition
Distributed Wind Energy Association
Environmental and Energy Study Institute
Growth Energy
National Association of Conservation Districts
National Association of State Energy Officials
National Association of Wheat Growers
National Center for Appropriate Technology
National Farmers Union
National Sorghum Producers
National Wildlife Federation
North American Equipment Dealers Association
Renewable Fuels Association

Regional and State Organizations
Adams Electric Cooperative
Alabama Department of Agriculture & Industries
Alabama Environmental Council
Alabama Farmers Federation
Alternative Energy Resources Organization of Montana
Arkansas Advanced Energy Association
Arkansas Association of RC&D Councils, Inc.
Association of Illinois Electric Cooperatives
BIOCOM
Biofuels Center of North Carolina
Biomass Energy Resource Center
Blackbelt Cooperative of Alabama
Clean Energy Group
CleanTECH San Diego
Climate Solutions
Colorado Cleantech Industry Association
Colorado Harvesting Energy Network
Dakota Rural Action
Eastern Kentucky University, Center for Renewable & Alternative Fuel Technologies
Environmental Law & Policy Center
Florida Bioenergy Association
Florida Forestry Association
Florida Renewable Energy Producers Association
Fresh Energy
Georgia Agribusiness Council
Green State Solutions
Gunnison County Electric Association
Harvesting Clean Energy
Hoosier Environmental Council
Illinois Biotechnology Industry Organization
Illinois Rural Electric Cooperative
Indiana Farmers Union
Institute for Agriculture and Trade Policy
Iowa Environmental Council
Iowa Renewable Fuels Association
Iowa Small Solar/Wind Energy Trade Assoc
LifeScience Alley/BioBusiness Alliance of Minnesota
Massachusetts Biotechnology Council
Memphis Bioworks Foundation, Regional AgBioworks Initiative
Michael Fields Agricultural Institute
MichBio
Michigan Agri-Business Association
Michigan Biomass
Michigan Environmental Council
Michigan Floriculture Growers Council
Michigan Land Use Institute
Mississippi Biomass and Renewable Energy Council
Mississippi Farm Bureau Federation
Mississippi Poultry Association
Missouri Dairy Association
Missouri Farmers Union
Missouri Forest Products Association
North Carolina Association of Professional Loggers
North Carolina Wildlife Federation
Nebraska Ethanol Board
North Dakota Alliance for Renewable Energy
Northwest Food Processors Association
Northwest SEED
Ohio Environmental Council
Oregon Association of Nurseries
Pennsylvania Forestry Association
Powder River Basin Resource Council
RENEW Wisconsin
Rocky Mountain Farmers Union
Rural Advantage
Rural Electric Conv. Cooperative
South Carolina Clean Energy Business Alliance
South Dakota Biotech Association
Show Me Energy Coop
South Carolina Biomass Council
Southeast Agriculture & Forestry Energy Resources Alliance (SAFER)
Southeast Energy Efficiency Alliance
Southern Alliance for Clean Energy (SACE)
Southwest Ark RC&D Council
Sustainable Biodiesel Alliance
Tennessee Renewable Energy & Economic Development Council
Texas Renewable Energy Industries Association
Texas Rural Alliance for Renewable Energy
Western Organization of Resource Councils
Windependence
Windustry

Supporting Youth Careers in Logging

The American Loggers Council (ALC) is a non-profit organization representing professional timber harvesters in 30 states. It is our goal to ensure the health of the industry and in so doing support entrance of youth into this important economic sector of our country, opening up opportunity that is already afforded to farmers and ranchers to professional timber harvesters. Like farming and ranching, the timber harvesting profession is often a family run business where the practice and techniques of harvesting and transporting forest products from the forest to receiving mills is passed down from one generation to the next.

Timber harvesting operations are labor intensive, highly mechanized and technical careers that require on-the-ground training to promote efficiencies and expertise in performing those operations. Today's current mechanical logging machines are enclosed with safety cages that protect the occupant from many of the hazards previously experienced in conventional chain saw harvesting operations. The workman's comp. claims history bears this out – logging in today's enclosed machines is as safe as many other professions where sixteen to eighteen year olds are allowed to work.

In many respects, timber harvesting operations are very similar to family farms with sophisticated and expensive harvesting equipment that requires young men and women to learn how to run the business, including equipment operation and maintenance, prior to obtaining the age of eighteen.

Currently, there are no on-the-ground programs in place to facilitate that training and ensure the sustainability of the timber harvesting industry's next generation of family members who chose to enter the profession.

Other agricultural businesses, including farmers and ranchers, enjoy exemptions to existing child labor laws that permit family members between the ages of sixteen and eighteen to participate in and learn the operations of the family businesses under the direction and supervision of their parents. However, young men and women under the age of eighteen who are members of families that own and operate timber harvesting companies are denied the opportunity to work and learn the family business because of current child labor laws.

The American Loggers Council (ALC) supports extending the agricultural exemption now enjoyed by family farmers and ranchers to train their sixteen to eighteen year old sons and daughters to carry on the family business to mechanical timber harvesters. The exemption would ensure that the next generation of mechanical timber harvesters can gain the needed on-the-ground training and experience under the close supervision of their parents who have a vested interest in their children's safety and in passing down the profession to the next generation of timber harvesters. For more information, please contact the American Loggers Council at 409-625-0206.

Timber Talk

Your Voice for South Carolina Timber Harvesting

Contact Crad Jaynes at
1-800-371-2240 *or* bcjpaw@windstream.net

Washington Resource Report - USA

Month Ending 04/23/13

Harvest Transport Prohibition: Log trucks are often prohibited from using the Dwight D. Eisenhower System of Interstate and Defense Highways system ("The Interstate") when hauling state legal tolerances which exceed the gross vehicle weight of 80,000 pounds. The federal government has established its own weight limits for the Interstate system, but there are various exemptions from these limits, including, but not limited to sections of the Federal Interstate Highway system that help to alleviate congestion in high traffic areas in cities and local communities. Transit buses and fire and other disaster response vehicles have temporary exemptions pending studies of their weight and use. Generally, Title 23, Section 127(a), U.S, Code sets Interstate System weight limits at a gross weight of 80,000 pounds on a 36 foot tandem spread. A bridge formula is used to recognize different axle spreads. These maximums include enforcement tolerances. While visiting Capitol Hill recently, members of the American Loggers Council expressed concern based on safety considerations in proposing an additional exemption for agricultural (including forest) commodity loads, like value-added products enjoy (included those from wood). Such an exemption is expected to result in a shift of a substantial amount of existing trip mileage from two-lane secondary roads and highways to the Interstate System improving safety for the motoring public and the trucks themselves as well as result in nominally fewer/shorter delivery trips.

ESA: Texas Congressmen Bill Flores, John Carter, K. Michael Conaway and Mac Thornberry, along with New Mexico Congressman Steve Pearce, have introduced legislation that stops lawsuit abuse from the Endangered Species Act (ESA). Their bill (H.R. 1314) is designed to protect American citizens from the burdensome and costly regulatory impact of closed-door litigation settlements between special interest groups and U.S. Fish and Wildlife Service (FWS). This will be accomplished by updating the ESA to give local government and stakeholders a say in ESA settlements that affect them. This bill also limits the use of taxpayer dollars from hardworking American families to fund ESA suits and preserves the FWS's statutory regulatory authority.

Treated Wood: In a lawsuit, the defendants, PG&E and Pacific Bell, own and maintain utility poles throughout the San Francisco Bay Area. The Ecological Rights Foundation filed an action against both companies, alleging that the poles discharged wood preservative into the environment in violation of the Clean Water Act (CWA), 33 U.S.C. 1251-1387, and the Resource Conservation and Recovery Act (RCRA), 42 U.S.C. 6901-6992k. The court affirmed the district court's dismissal of the action under Rule 12(b)(6) where the plaintiff failed to state a claim under the CWA because the discharges of stormwater from the utility poles were neither a "point source discharge" nor "associated with industrial activity" and where plaintiff failed to state a claim such under the RCRA because wood preservation that escaped - if any escaped at all - from the utility poles was not a solid waste, as required for this kind of legal action. The court also held that the district court did not abuse its discretion.

Death Tax: One of the most significant votes in the recent Senate budget vote-o-rama was on the federal death tax. Not the disappointingly predictable vote on full repeal, which just two Democrats supported, but the vote on an amendment offered by Senator Mark Warner of Virginia that created a deficit-neutral reserve fund for "the repeal or reduction of the estate tax." It racked up 80 votes, including 35 Democrats. Zero Republicans and just 19 Democrats voted no. So the Senate has voted overwhelmingly to at least reduce the death tax. Good. The federal death tax snapped back into effect in 2011 after one year of full repeal in 2010. For two years the tax was set at a 35 percent rate, with a looming automatic hike to 55 percent in the fiscal cliff. Now, as part of the deal negotiated by Senator Mitch McConnell and Vice President Joe Biden, the death tax is permanently set at 40 percent, empowering the IRS to take nearly half of everything some Americans leave to their loved ones. However, the recently released Obama Administration FY'14 Budget would raise that tax rate to 45 percent and reduce the exemption for couples from $10.3 million to $3.5 million.

(Continued on page 32)

(Continued from page 31)

Tax Reform: The forestry community continues to educate Members of Congress about the importance of preserving the timber tax provisions in any upcoming tax reform efforts. This month many forestry groups, including the American Loggers Council and the Forest Landowners Tax Council, sent a letter to U.S. House Ways & Means Committee “Working Groups’” leaders reminding them, in part, that growing forests have unique economic attributes that do not necessarily match easily with general tax principles. Investments in forests tie-up large amounts of capital, with substantial annual costs, for decades of time; that additional costs are incurred for reforestation, for environmental protections and for wetland, protected species and other significant regulatory set-asides.; that healthy forests provide great societal value by consuming carbon dioxide, curtailing erosion, creating wildlife habitat, sourcing drinking water and maintaining natural open space for human recreation for which the forest owner receives little or no compensation. For these reasons, Congress has crafted specific provisions in the Internal Revenue Code to reflect the unique economic framework and challenges, including: Deducting costs of forest management and protection (Sections 162 and 263A(c)(5)); Receiving capital gains treatment for the harvest of timber or sales of standing trees. (Sections 1231(b)(2) and 631(a)&(b)); and Deducting up to $10,000 of reforestation costs with the remainder amortized over 7 years. (Section 194). The Committee leaders were asked to maintain these important provisions to the sustainability of American forests as they begin to review the tax code for reforms.

H-2B Workers: The United States Court of Appeals for the Eleventh Circuit affirmed the decision of the U.S. District Court of the Northern District of Florida that the Dept. of Labor lacks the authority to issue regulations governing the H-2B guest-worker program. This decision upholds the lower court’s preliminary injunction (in Bayou Lawn and Landscape Services v. Solis). The decision affects DOL’s 2011 “Program Rule,” which would impose stipulations on employees using temporary foreign “guest-workers” under the H-2B Visa program. But, DOL has not exhausted its legal options in this case.

American Loggers Council Position on Domestic Energy and Jobs

The greatest potential for economic growth in this country can be found in America’s energy resources. By working together, we can empower innovators to harness our domestic energy capabilities using new technologies utilizing traditional fossil fuels and renewable energy resources.

This will help put our country back on the road to recovery by creating jobs and growth in our economy. With each discovery of American Energy comes the immediate need for manufacturers, engineers, leasing specialists, rig operators and more suppliers. This is the type of employment demand that will get this country back to work.

The American Loggers Council supports:

- Increasing energy production on federal lands by ramping up leasing and exploration activities
- Conducting a cumulative analysis on EPA rules and actions that impact the price of gasoline and diesel fuels and pause the implementation of the Tier 4 fuel standards, refinery New Source Performance Standards, and ozone standards until six months after the report is submitted to Congress, which would provide a better understanding of the costs and consequences of these rules
- Establishing an all-of-the-above energy program for federal lands by reviewing the nation’s energy needs and then establishing goals for federal energy production to meet those needs from all energy sources; oil, natural gas, coal and renewables
- Streamlining the permitting process to increase American energy production by removing government roadblocks and bureaucratic red tape that hinder and delay American energy production and American job creation

As Congress considers energy issues for FY 2013 and beyond, the American Loggers Council would like to go on record as supporting the above measures to help reduce our dependence on foreign oil, boosting our economy, and creating high paying jobs. For more information, please contact the American Loggers Council office at 409-625-0206.

FOR IMMEDIATE RELEASE

American Loggers Council Visit Capitol Hill to Discuss Issues Impacting Timber Harvesters

Organization combines Capitol Hill visits with Spring Board of Directors Meeting

Hemphill, Texas (April 15, 2013) – As part of their effort to educate lawmakers and federal agency personnel on the key issues important to professional timber harvesters across the U.S., over 50 representatives from the American Loggers Council and supporters traveled to Washington, D.C. on April 11-13 to meet with their representatives and various agencies to discuss those issues. Included in the meetings were representatives from ALC sponsors Caterpillar, John Deere, and the Southern Loggers Cooperative.

Agendas were full during the three day period, with ALC members making 108 visits to the Hill as well as meeting with the U.S. Forest Service and the Department of Transportation. Some of the members also attended a timely hearing at the House Natural Resources Subcommittee on Public Lands and Environmental Regulation where three bills were introduced that would have beneficial impacts on the manner in which the National Forest System is being managed.

Topics discussed included policy work on the Forest Roads National Pollution Discharge Elimination System (NPDES) permits issue, truck weight proposals in the Transportation Bill, Youth in Logging Careers, the US Forest Service Budget, Woody Biomass and how fuel prices and energy policies impact the industry.

During a briefing titled "Industry Allies" held on April 12 at the National Association of Manufacturers offices, presentations were made by allied organizations including the National Association of Forest Owners, the American Farm Bureau Federation, the National Association of Conservation Districts and the Association of Equipment Manufacturers. Other invited guests included Robert Bonnie, Senior Advisor to the Secretary for Environment and Climate, and Tyler Hamann, staff representative for the House Natural Resources Subcommittee on Public Lands and Environmental Regulation.

Kevin Thieneman, President of Caterpillar Forest Products and Craig McBeth, Division Sales Manager for John Deere also gave brief presentations on their affiliation with the American Loggers Council and the need to continue the work that is ongoing in Washington, DC. Deb Hawkinson, President of the Forest Resources Association was also present and participated during the briefings.

During the Board of Directors meeting on Saturday, ALC Vice President Brian Nelson stated that he "was very pleased with the work that all of the members had accomplished during the visits to the Hill," and that "these visits are critical to the industry as we continue to educate those who write and enforce policies the impact the logging community."

ALC Executive Vice President Danny Dructor commented that "It just keeps getting better. Having our supporters as well as all of the allied associations involved in the discussions only provides strength to the message that the timber harvesting industry can not only provide jobs and boost our economy as we continue to recover from the recession, but also play an important role in restoring the health of the nation's forests. "

About the American Loggers Council
The American Loggers Council is a 501(c)(6) organization representing timber harvesting professionals in 30 states. For more information contact the American Loggers Council Office at 409-625-0206 or visit their website at www.americanloggers.org.

Senator Ayotte with members of the New Hampshire Timber Harvesting Council. Left - right: Errol Peters (Landoff), Dan Keniston (North Woodstock), Rocky Bunnell (Monroe), Roger Garland (North Conway), and Eric Johnson (Concord).

ObamaCare – Third Anniversary

By Richard Marvel, Aiken, SC

ObamaCare has already had some financial effect on all of us during its first three years. Your health insurance premiums have probably increased due to the current mandated changes. The only way to offset these premium increases is to assume more out -of-pocket expense. SCTPA has developed an inexpensive supplement that complements high deductible plans. Detailed information will be available shortly.

Our goal is to keep you aware of ObamaCare provisions, as they become known, that can affect your business and your family. The challenge is that many of the regulations are still being formulated despite the fact that enrollment in the newly approved insurance plans commences in October to be effective in January of 2014.

What we do know is that the cost of health insurance for a family of four is now estimated to be around $20,000 per year. The approved plans will have some first dollar benefits for preventive medical care- such as physical exams and mammograms, but they will include a large deductible for most other medical care.

Government subsidies will be available for **individually** purchased health insurance, the amount being determined based on family income. Subsidies also will be available for small businesses (under 25 employees) to encourage them to offer group insurance. Most of SCTPA members have under 25 employees and we will keep you informed on the pros and cons of the subsidy **though at this point we do not think it is in the member's best interest.**

Food for thought for larger employers is based on actions already taken by some well-known major companies that have made the news. Companies with over 50 employees are mandated to participate in ObamaCare or face a penalty. Some businesses have received a waiver. Others have opted to pay the penalty and not to participate, while still others, such as one national retailer, have made a fixed contribution to each employee so that the employee can purchase individual insurance on his own from one of the approved sources. (Since this would be an individual purchase and not a group plan, the individual **should qualify for some government subsidy to pay at least a part of the premium as well as part of the plan's out-of-pocket cost)**

Companies with close to 50 full- time employees should consider taking steps to safely be under 50 so they are not mandated to participate. (Your tax advisor can help you with this.)

Finally, most members have fewer than 50 employees. Options depend on whether or not you currently fund part of your own group insurance plan. If you currently do not offer employee group insurance, you probably should not consider adopting a plan. Your employees can individually participate and may qualify for a subsidy, or they might opt not to participate and pay the modest penalty. Employers who now offer group insurance and want to continue their plans should carefully weigh the new financial impact of ObamaCare.

Contact Richard Marvel 781-258-9121, fax 781-248-4177, Captrich1@gmail.com

SCTPA Comment: Richard "Dick" Marvel is partnering with SCTPA to offer low cost insurance options to assist members. Please feel free to contact Dick.

Q&A on Health Care Reform
Series 2: "Play or Pay" Employer Provision

SOUTH CAROLINA CHAMBER Of COMMERCE

Check Up on Health Care Reform

Does the Affordable Care Act require that all businesses provide insurance to their employees?

No. The law does not mandate businesses to offer health insurance to employees. However, beginning on January 1, 2014, large employers that do not provide coverage for full-time employees or do not provide comprehensive or affordable coverage may face penalties if at least one of their full-time employees receives a tax credit for purchasing coverage on the health insurance exchange. This is known as the "play or pay" or "employer shared responsibility" provision in the law.

What is the definition of a large employer?

A large employer is defined as a business that employs an average of 50 or more full-time equivalent employees during the preceding calendar year. Both full-time and part-time workers (including seasonal workers) are considered when calculating the number of full-time equivalent employees you have.

What is the seasonal employee exception?

The seasonal employee exception applies when an employer's workforce exceeds 50 full-time employees for no more than 120 days or four calendar months during a calendar year and if the employees in excess of 50 during that period were seasonal employees. In this case, an employer would not be considered an applicable large employer.

The 120 days or four calendar months are not required to be consecutive when applying the seasonal employee exception.

What is the definition of a full-time employee?

A full-time employee is an employee who works on average 30 hours per week.

What is the definition of full-time equivalent employees?

Full-time equivalence refers to a combination of employees, each of whom is not employed on a full-time basis. Seasonal workers are excluded unless they work for an employer for more than 120 days. To calculate the number of FTEs, an employer would add all the hours worked by part-time employees, not more than 120 hours by any employee and divide the total by 120.

What is the definition of a seasonal employee?

The Affordable Care Act defines a seasonal employee for the purpose of defining an applicable large employer but not for determining full-time status. A seasonal employee is defined as a worker who performs labor or services on a seasonal basis, such as during the summer or the winter holidays. Seasonal workers are included in a determination of whether an employer is an applicable large employer, but are then excluded if they work fewer than 120 days or four calendar months during a calendar year.

What is the definition of a variable hour employee

A newly hired employee is a variable-hour employee if, based on facts and circumstances at the start date, an employer cannot determine if the employee is reasonably expected to work, on average, at least 30 hours per week.

Will employers who move employees from full-time to part-time to avoid providing health insurance be penalized?

There would be no penalties under the Affordable Care Act for employers who choose to transition from a fulltime to part-time workforce. Penalties are imposed on an applicable large employer that does not offer coverage to its full-time employees when at least one full-time employee receives a tax credit for purchasing insurance on the exchange.

Do businesses that employ a large number of high school/college students and teachers as seasonal workers have to include these employees in the calculation if they already have other insurance coverage?

These workers should be treated as any other seasonal worker.

When will businesses be required to conform to the new health care reform act?

Many provisions of the Affordable Care Act that impact businesses have already been implemented. However, the "play or pay" or penalty provision goes into effect on January 1, 2014. Since an employer's workforce in 2013 will determine whether it will be subject to penalties in 2014, now is the time to take action to determine how your workforce will be classified.

The Case for NEPA Reform

The National Environmental Policy Act ("NEPA") is a simple statute. The implementing provision is a single paragraph that directs agencies to prepare a "detailed statement" for major federal actions significantly affecting the quality of the human environment. 42 U.S.C. § 4332(2)(C). In contrast, the Council on Environmental Quality ("CEQ") regulations implementing NEPA span over 25 pages of the Code of Federal Regulations. 40 C.F.R. §§ 1500- 1508. Although they have no authority to do so, Courts have added their own requirements that are found neither in the NEPA statute nor the CEQ regulations. The result has been gridlock in the analysis and process necessary for federal land management agencies to navigate through the environmental appeals and litigation of project level activities. Some critics have concluded that it might be impossible for some agencies to consistently comply with the maze of convoluted and inconsistent interpretations of NEPA requirements rendered by the Courts.

Although the CEQ cannot change court decisions, there is a critical need to simplify and streamline the CEQ procedures to implement federal agency projects more promptly and less expensively while at the same time reducing the risks of courts delaying thoroughly analyzed projects based on deficiencies in the NEP A documents. NEPA has become so unworkable for land management agencies that there has been a trend to avoid NEPA analysis by expanding the use of categorical exclusions. This should be an indication that the conventional NEPA process under the CEQ regulations as it has evolved through judicial interpretation is in need of repair.

The problem is not new. In a 1978 Executive Order, the CEQ was directed to adopt regulations implementing procedural provisions of NEPA. E.0.-11991 (1978). CEQ was directed to "make the environmental impact statement process more useful to decision makers and the public; and to reduce paperwork and the accumulation of extraneous background data, in order to emphasize the need to focus on real environmental issues and alternatives." See 51 Fed. Reg. 15618, 15619 (April25, 1986). After two decades of experience with the CEQ regulations and court interpretations, the NEPA process has become more cumbersome and increasingly geared towards the collection of extraneous information than when the President ordered the CEQ to promulgate the regulations in 1978.

The CEQ regulations require environmental documents to study all other actions that may be “connected" to the proposed action; to analyze a large geographic range encompassing such connected actions; and to consider all "cumulative effects" of past, present and reasonably foreseeable future actions by private, state, and federal entities -without providing clear guidance for deciding where and when the analysis should stop. The CEQ regulations also force agencies to rewrite their NEPA documents by requiring a supplemental EIS whenever there is significant new information or circumstances "bearing on the proposed action" even if it is unrelated to the expected environmental impacts of the approved project. Court decisions require preparation of supplemental environmental assessments ("EAs") although the requirement is not found in the regulation.

Most of the NEPA cases that have flooded the courts in recent years are based on violations of the CEQ regulations. Thus, while NEPA has accomplished a worthwhile goal of focusing agency attention on environmental values, in many instances it has created an arduous decision-making process, with difficult compliance hurdles, requiring years of analysis and document preparation and millions of dollars of staff time. The lengthy preparation time makes the documents increasingly vulnerable to the moving target of rapidly developing new information. Many worthwhile and environmentally-friendly agency projects are delayed for years and experience large cost increases solely because of required NEPA procedures that ultimately add nothing of value to a project's design or utility. The CEQ needs to streamline and modernize key parts of its regulations and clarify the analytical requirements for agency projects.

Amendment of the regulation should address at least the following issues:

1. Clarify that the amount and type of data

and information needed in an EIS is only that which is essential for a reasoned choice among alternatives.

2. Revise or delete the regulations governing cumulative effects.

3. Revise the regulations to clarify the issue that an expansive discussion of differing "scientific" opinion is not required for the increasingly numerous issues where there is no unanimity of opinion.

4. Narrowly define "new information" that requires a supplemental EIS.

5. Clarify that a supplement EA is not required.

6. Clarify that important material may be incorporated by reference in an appendix to an EIS or an EA.

7. Create a new category of significant action called "significant action needing review" that can proceed under streamlined procedures.

8. Explicitly provide that an agency can examine a no-action and an action alternative in an environmental document.

9. If a project will implement a programmatic EIS, then direct agencies to prepare a supplemental EIS rather than an EA for the project.

Without meaningful NEPA reform, it may be impossible for federal land management agencies to successfully implement the forest restoration strategies being suggested by Congress.

SCTPA Endorses Forestry Mutual Insurance Company

South Caroling Timber Producers Association proudly endorses Forestry Mutual Insurance Company. Forestry Mutual and SCTPA have partnered for this endorsement to assist the association and Forestry Mutual.

Forestry Mutual has long been a tremendous association supporter. Their high quality personal service, loss prevention and safety services and experienced staff are unparalleled in the industry. Forestry Mutual knows and understands the logging and forestry industry.

They are active supporters of the American Loggers Council and are endorsed by the Virginia Loggers Association, NC Association of Professional Loggers, NC Forestry Association and Tennessee Forestry Association.

SCTPA is very proud to endorse Forestry Mutual Insurance Company to provide workers compensation and commercial insurance needs to our members.

Contact Forestry Mutual Insurance Company's SC representative Nick Carter, cell 803-669-1003, office 803-438-5802 or fax 803-572-3172.

For High Quality Service with an Experience Driven Understanding of the Logging & Forestry Industry … It's Forestry Mutual Insurance Company

S.C. INFRASTRUCTURE WOES COST BUSINESSES MILLIONS

By Mike Hembree
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The trucks that haul lumber for Log Creek Timber Co., based in Edgefield, can weigh 80,000 pounds. The company harvests timber in 10 counties in the Savannah River corridor. The typical distance from timber tracts to mills in Augusta, Newberry or Eastover is 50 to 80 miles. But a Log Creek Timber driver's workday is not "typical." Because loaded timber trucks are not allowed to cross aging state bridges that are in disrepair, detours typically add 10 to 15 miles to each trip.

This is one of the costs of South Carolina's continuing problem with highway infrastructure. According to a December 2012 report prepared by an S.C. Department of Transportation Commission task force, the condition of the state's highway system and the current funding levels for repair and replacement projects foretell "a guaranteed decline in the system over the next 20 years."

The task force, chaired by DOT commissioner Craig Forrest, concluded that the consequences of failing to act on road and bridge problems in the state include "deterioration of roads and bridges, reduced highway safety, posting or closing of bridges, increased traffic congestion, increased vehicle upkeep and a loss of economic competitiveness."

During the task force's study, state Secretary of Transportation Robert St. Onge said that, without adequate financial resources, his job will be to "manage the decline of the highway system."

The shortfall in road maintenance funding by the General Assembly is being felt on the state's economic development efforts, as well. S.C. Secretary of Commerce Bobby Hitt and other speakers said at last month's transportation, distribution and logistics summit that the top priority among business leaders is a $29 billion funding shortfall over the next 20 years needed to repair roads, replace bridges and invest in mass transit and rail transportation.

"We have to fight for the resources," Hitt said. "I have companies complain to me that they have to alter their routes continuously because they can't cross bridges and so forth."

The state's transportation department is responsible for more than 41,000 highway miles and more than 8,300 bridges. The DOT estimates that only 13% of the primary highways in the state — consisting of both federal and state routes — are in "good" condition. The department rates 1,663 of the state's bridges "substandard." More than 400 bridges are load-restricted, meaning trucks transporting loads in excess of the designated weights aren't allowed to cross them.

In Edgefield County alone, 27 state-owned bridges are load-restricted.

"We use a lot of secondary roads to access timber tracts, and, with the bridges and the weight limits, we have to go many miles out of the way every day because we can't cross these bridges with a loaded log truck," said Reg Williams, vice president of Log Creek Timber. "When we're figuring the value of that wood for individual landowners, we have to discount that timber because more of the proceeds have to go into trucking and fuel. There are not direct routes to the mills. It affects landowners because they receive less for their product.

"It also means more pollution, more wear and tear on vehicles, more tires — more everything."

Roads a problem for truckers

The declining status of many roads and bridges in the state is a significant problem for the trucking industry in general, S.C. Trucking Association President Rick Todd said. The situation manifests itself in traffic delays because of congestion, longer routes because of substandard and load-restricted bridges, and higher fuel costs because of extended travel.

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All of these problems make the business of trucking less efficient, he said.

"There are costs associated with that in terms of fuel consumption and the inefficiencies related to wasted time. And there are limits in terms of the number of hours drivers can work in a given day," he said.

"Typically, we have a certain amount of control over scheduling, but we're limited there, too, because we're meeting our customers' demands. Customers have delivery windows within which we have to schedule. Many places don't have 24-hour loading docks. The supply chain has a bunch of moving parts."

Cam Crawford, president of the S.C. Forestry Association, said the infrastructure problem is particularly tough for companies dependent upon small roads.

"If there is a load-restricted bridge in an area, a logging truck is going to have to travel on average an additional 15 to 20 miles round trip," he said. "Logging trucks get about 5 miles per gallon. Diesel fuel is about $4 a gallon. You can quickly add that up and see how that would impact the logging truck."

In one case, Crawford said, the sale of a timber property brought $15,000 less because of fuel costs incurred by longer travel routes for the truck drivers.

"This also impacts our (paper) mills," he said. "We have three mills in the state that receive over 400 truckloads a day. If you're having to go around all these load-restricted bridges, you're adding time. You're not efficient."

Anti-tax roadblocks

Trucking lobbyists work the state Legislature with these issues in mind, but numerous problems, including population and traffic growth, fuel cost increases and anti-tax sentiment, make a solution difficult, at best. South Carolina's user fee of 16.75 cents per gallon of gasoline is the fourth-lowest in the nation and hasn't been raised since 1987. But legislators are typically resistant to increasing taxes, particularly in an era in which many campaigned on promises to never raise taxes.

"We are at a roadblock with them," said Jimmy Randolph, treasurer of Cherokee County-based Randolph Trucking, a family operation that has been in business for 65 years. "We've done everything to try to move up the gas and fuel tax. We've tried to convince the Legislature, but they won't do it. Any tax increase, they're against. But we have to fix our roads."
The declining status of the highway and bridge system attracts attention from trucking entities across the nation.

"Infrastructure is an issue that our association pays a lot of attention to for a lot of reasons, one of them being that truckers pay into the highway trust fund by way of fees and taxes," said Norita Taylor, spokeswoman for the Owner-Operator Independent Drivers Association, a Missouri-based, 150,000-member organization that represents independent truck operators. "That money is supposed to be used for roads and bridges and highway maintenance, so they have a vested interest in seeing that happen. And, just in general, the issue for everybody is safety."
The costs associated with highway maintenance are staggering. Construction of interstate highway interchanges runs from $35 million to $50 million per project, and widening projects typically cost $10 million to $12 million per mile, according to DOT figures. The transportation department task force report said the state's highway program revenue base is "well below the national average and clearly insufficient to meet construction and maintenance needs."

Competing interests

DOT estimates the state will be short $29 billion in highway construction and maintenance in the next two decades. And competing interests in the state stretch from the mountains to the sea.

"It's easy to pinpoint where the congestion is," Todd said. "We call that bottlenecking. Interstate 77 and Interstate 26 south of Columbia is a prime example of a huge bottleneck. And 'malfunction junction' (the Columbia I-26 corridor) is a big old cluster, one big mess. It's poorly designed and needs complete re-engineering. That's a huge project in itself. People start arguing, 'Well, where do our mega-projects need to be? Should it be malfunction junction, the I-526 extension, I-73?' That's when parochialism starts getting in the way. We need a statewide outlook."

Estimating the state has lost $2.6 billion in economic activity because of congestion, the DOT lists four clogged locations — I-26 at Dorchester Road in North Charleston, I-385 at state 417 in Greenville County, I-26 at St. Andrews Road near Columbia, and U.S. Highway 17 at state 707 near Myrtle Beach.

"We're dealing with a huge dichotomy," Todd said. "On the Department of Commerce website, they promote South Carolina advantages and point to 'unparalleled infrastructure.' But we have a DOT relegated to saying their job now is to manage the decline of the state's highway system."

Environment: Can forest health be legislated?

Proposed Senate Bill would require widespread national forest logging

By Summit Voice

SUMMIT COUNTY — Federal land managers could get wider authority for more backcountry logging under a new bill introduced in the U.S. Senate by three western senators: Mark Udall (D-CO), Ron Wyden (D-OR), and Max Baucus (D-MT).

The *National Forest Insect and Disease Treatment Act* is being pitched as a way to help Forest Service treat insect and disease epidemics and promote overall forest health. As drafted, it directs the agency to treat threatened watersheds while prioritizing preservation of old-growth and large trees when possible.

The treatments that would be carried out under the authorities provided in the 2003 Healthy Forest Restoration Act, which enables expedited decisions on forest projects. The Agriculture Secretary, in consultation with state officials, would designate at least one sub-watershed on at least one national forest in each state that is experiencing these forest health challenges.

Some groups may see the measure as yet another misguided attempt to authorize more widespread logging under the guise of forest health, instead of focusing attention and scare resources on protecting communities by treating areas directly in the ignition zone that threatens homes and other developments.

Many forest researchers say trying to treat large areas of forests for insects and other diseases is a questionable tactic. Many forest types in the West, including lodgepole and spruce stands, have simply reached the age at which they are susceptible to insect and disease mortality — a necessary part of the natural cycle of regeneration.

"A warming climate and a persistent drought are hurting our forests in Colorado, where so much of our state's economy depends on the health and vitality of our lands and water," said Bennet, chairman of the Senate Agriculture Subcommittee on Forestry, Conservation and Natural Resources.

"Last summer's devastating wildfires showed us how important it is to let the Forest Service actively manage our impaired and overgrown forests without Washington tying their hands behind their back," he said.

The bill would specifically direct the Forest Service to treat one or more subwatersheds on all National Forests that that are experiencing:

- Substantially increased tree mortality due to insect or disease infestation, based on annual forest health surveys conducted by the Secretary;
- At risk of experiencing substantially increased tree mortality over the next 15 years due to insect or disease infestation, based on the most recent National Insect and Disease Risk Map published by the Forest Service; or

In an area in which the risk of hazard trees poses an imminent risk to public infrastructure, health, or safety.

Sen. Udall also advocated for active management as a way to protect natural resources. "As the largest pine beetle epidemic in recorded history continues to spread, it's clear that we need to treat more acres of insect-ravaged forest more intensely and effectively," Udall said. "This bill would broaden the authorities to treat insect infestations on public lands so that we can better protect our natural resources and critical infrastructure while reducing the fuel loads that contribute to wildfires."

"This bill builds on the Healthy Forests Restoration Act to provide more tools to combat threats to forests from insects and disease," Wyden said. "Significantly, it would ensure continued protections for old growth and large trees, which were essential to my support to help pass the Healthy Forests Restoration Act in the Senate a decade ago."

"Montana timber jobs rely on smart policies to address one of the worst bark beetle kills in the nation. This is a commonsense plan to give the Forest Service tools to improve forest health as we work on ways to prop up our loggers and small timber mills," said Baucus, who spearheaded efforts to address Montana's bark beetle epidemic through the Farm Bill forest title.

In 2012, over 15 million acres of forests across the nation were inventoried as having sustained damage from insects and diseases. In Colorado alone, over 800,000 acres were inventoried as damaged by the ongoing beetle epidemic. It is estimated that over the next 15 years, 58 million acres are at risk in the continental United States.

Lumber finally rises from the forest floor

A stronger housing market and growing overseas demand have pushed prices to an 8-year high, ending the industry's long recession.

By Bruce Kennedy

Another sign that, knock wood, the economy is recovering.

Lumber prices hit an eight-year high last week, thanks in large part to the U.S. housing market thawing out after a long deep freeze and rising overseas demand.

"The last few years have been a slow recovery from the recession for wood products," Phil Tedder, a forestry consultant at Resource Economics, told the Los Angeles Times. "The main consumer was new housing, and that obviously wasn't very good. But now things are picking up."

California's long-established timber industry is also hauling itself off the forest floor. According to the Times, sawmills shut down by the recession have reopened, and trucking companies that deliver cut wood out of state are seeing business improve. The newspaper also notes lumber prices have jumped 40% just in the past year's time.

Also, China's seemingly endless hunger for raw materials has extended to American timber. The U.S. Forest Service says log exports from Alaska, Washington, Oregon and Northern California increased about 9% in the third quarter of 2012 -- with 62% of those West Coast log exports going to China.

In a report from ABC News, timber industry newsletter Random Lengths said the composite price for the framing lumber used in home construction was up last month to $415 per 1,000 board feet, compared to $284 a year ago. Plywood and paneling prices are up sharply as well.

Rising consumer demand is also helping. **Home Depot** (HD 0.00%) recently announced its fourth-quarter 2012 sales rose 13.9% compared to the same period in 2011. Chairman and CEO Frank Blake attributed those strong numbers to "a continued recovery in the housing market coupled with sales related to repairs in the areas impacted by Hurricane Sandy."

But while the timber industry may be finally catching a break, it's also worried about falling behind.

"Supply has been chasing demand, but has not caught up," Jon Anderson, president and publisher of Random Lengths, told ABC News. "Producers, because of the depth and length of the recession, have been reluctant to add shifts or increase production. They've held off reopening mothballed facilities."

However, he says, "you're starting to see mills increase production or come back online."

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Mark Your Calendar

May 2013

21 Union Area District 3 Meeting, Midway BBQ, Buffalo, 7 p.m.
23 Edgefield/Saluda District 1 Meeting, Pleasant Lane Baptist Church, Edgefield, 7 p.m.
28 Newberry District 2 Meeting, Goodies By Design Restaurant, Newberry, 7 p.m.

June 2013

3 Lugoff/ Midlands District 10 Meeting, Hall's Restaurant, Lugoff, 7 p.m.
4 Richburg/ Mid-Upstate District 3 Meeting, Front Porch Restaurant, Richburg, 7 p.m.
13 SCTPA Board of Directors Meeting, SCFC Headquarters, Columbia, 10 a.m.
24 – 27 SC Teachers Tour, Columbia

- *Saluda/Edgefield/Aiken District 1 Members and Non-Members invited to attend the Newberry District 2 Meetings.*
- *Meeting notices mailed. Dates subject to change. Check the meeting flyer when received.*

PLEASE NOTE:

Event & meeting dates may change. Notices are mailed prior to SCTPA events.

Need SFI Trained DVD Class or other training?

SCTPA can provide the New DVD Training Module for SFI Trained status. SCTPA is an approved DVD training class facilitator and will be scheduling classes during the year. Other training programs are available for safety, driver training, equipment lock-out & tagout, hazardous materials spill control on logging sites and forestry aesthetics.

Truck Driver Training Workshops will be scheduled. Watch the Mark Your Calendar section of this newsletter for dates.

Notices for SCTPA workshops & events will be forwarded.

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Our Mission

The ***Mission*** of the *South Carolina Timber Producers Association* is to serve as the voice for timber harvesting and allied timber businesses to advance the ability of its members to professionally, ethically, efficiently, safely, environmentally and profitably harvest, produce and transport timber to meet the timber supply demands of our state by providing continuing educational and training opportunities, distributing timber harvesting, hauling, manufacturing and selling information, representing our members in national and statewide legislative activities, and aggressively promoting, supporting and conducting programs of state, regional and national advocacy.