



Hardwood Checkoff Update

Blue Ribbon Committee Says Ties Should Be Excluded From Hardwood Checkoff

The Railway Tie Association (RTA) and the National Wooden Pallet and Container Association (NWPCA) have had a significant impact by sharing their members' concerns about the products suggested for assessment in the Hardwood Checkoff Program.

Thanks to these efforts, the direct comments from their member sawmills and input from other organizations, in February, the Hardwood Checkoff Blue Ribbon Committee (BRC) submitted comments to the United States Department of Agriculture (USDA) requesting that ties and sawn pallet components be removed from the list of products subject to assessment under the program.

The BRC, composed of members representing numerous hardwood products entities, said that solid wood strip flooring, all-sides surfaced boards, finger-jointed strips ripped to width, and moldings would continue to be covered under the definition of "hardwood lumber value-added products," but ties and pallets would not.

In its report, BRC noted the number of commenters raising concerns over the impact of the proposal on small mills, and met with mill owners "we view as a critical foundation for the hardwood industry," the report stated. "In evaluating these comments, it is important to note that all hardwood mills under \$2 million (\$10 million for hardwood plywood) are exempt. While the BRC firmly believes that a Hardwood Checkoff Program would benefit all sectors of the industry... we wish to affirm support of the exemption for mills under \$2 million for hardwood lumber and \$10 million for hardwood plywood and would note that no member of the BRC is eligible for the exemption. We urge USDA to maintain these exemptions."

As the program proposes to require, those smaller manufacturers would be required to file

annually the necessary paperwork to obtain the exemption. If the paperwork were not filed, the small business would have to pay an assessment that is not intended to apply to them. Therefore, BRC proposes that these manufacturers be able to bypass the yearly certification process to lessen the paperwork burden.

"We think a yearly certification of exemption is too burdensome on the segment of our industry least able to bear the costs of the additional paperwork. USDA's own estimate is that the exemption process will require nearly 1,500 manufacturers to spend 25 hours each year in order to avoid having to pay. As proposed, small manufacturers face the cost of the paperwork burden or the assessment, which should not be the case," BRC stated in its report.

"As an alternative, the BRC proposes a simpler, less burdensome solution. Rather than a system that requires small manufacturers to opt out of the assessment, they should only have a paperwork obligation when they must opt in. By that, we mean that if an exemption no longer applies to a small manufacturer, that manufacturer has the obligation to inform the board or USDA. Until then, there is no paperwork requirement, except for the initial filing that establishes the exemption. This avoids unnecessary paperwork and safeguards against collecting assessments from exempt manufacturers that simply forgot to file a yearly renewal."

At this time, it is not known if the USDA will accept the revisions that the BRC has recommended, nor if the USDA will proceed with a vote. All sawmill members are urged to stay in touch with RTA, NWPCA and other communications to learn what the final language will contain and if a national vote will take place. Should a vote occur, it is vital all sawmills, those exempted or not, vote to have their voices heard. ■

Hardwood Checkoff: A Little Background

In 2010, a Hardwood Leaders Summit, sponsored by grants from the USDA Wood Education and Resource Center and S.H. Congre Foundation, brought together 112 leaders in the hardwood industry.

Of the 282 issues discussed by participants at this summit focused on sustaining and growing the U.S. hardwood industry, promotion and education were identified as two needs with recognition that existing means of funding were inadequate to accomplish goals in those areas. A hardwood checkoff was highlighted as the most viable means of funding for those priorities.

Building on that consensus from the summit, 15 hardwood company CEOs teamed up to focus on determining the feasibility of a checkoff for hardwoods and how such a program might operate. This group was named the Blue Ribbon Committee.

Once the BRC's ideas for how the program should be run were submitted, USDA sought industry input, including that of RTA and NWPCA, and various other organizations operating within the hardwood industry. The suggestions and comments provided to further refine the terms of the proposal were taken under consideration with the result that the BRC amended its proposal to USDA to eliminate industrial products from assessment. ■

