THE LOG

June/July 2019

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Lake States Lumber Association

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Thank You Golf Outing Sponsors!

LSLA would like to thank all the companies that are sponsoring the 2019 Golf Outing for their generous support.

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Front Row (left to right): Fred "Butch" Fisher (AJD Forest Products), Brady Francois (Snowbelt Hardwoods), Margaret Minerick (Sagola Hardwoods), Jennifer Lu (WI DATCP), Rob Paradise (Devereaux Sawmill). Photo courtesy of Zach Miller, Miller Publications.

The Log is published bi-monthly by the Lake States Lumber Association, Inc. For address corrections or to contribute news articles, opinion pages, or advertising, contact us at:

1353 W Hwy US 2, Ste 2 Phone: 920-884-0409 Crystal Falls, MI 49920 Email: lsla@lsla.com

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2019 GOLF OUTING—THURSDAY, JULY 25, 2019 FIRE RIDGE GOLF CLUB GRAFTON. WI

The annual Golf Outing will offer many fun activities, as always:

- For those who would like to arrive on Wednesday, July 24, there will be a discounted rate of \$45+ tax and a special LSLA tee block (10-11am) at Fire Ridge. If you are interested in playing this tee time, please call Jason Brettingen at Kretz Lumber to be added to the pre-day group. If interested in playing after this tee block, please call the course directly to book your own tee time at (262) 375-2252 and mention LSLA special rate.
- We'll be hitting the ballpark on Wednesday evening for our Welcome Reception. Attendees will be treated to a Lakeshore Chinooks baseball game. Guests will receive round trip coach transportation, game tickets, beverages and hors d'oeuvres on the team's leftfield party deck. LSLA members will also participate in many of the middle inning promotions and contest. Game time is 6:35pm and LSLA will provide three shuttle trips between 5:00 and 6:00pm. Because we need to order the tickets beforehand, pre-registration is a must.
- Thursday, July 25, a full breakfast will be served at the golf course from 8:00 am—9:30 am.
- The Shot Gun Start at 10 am will begin the golfing, which will run until 4 pm. Lunch will be provided by American Wood Fibers and beverages by various sponsors.
- At 4 pm we will have a Putt for Dough and Baillie Lumber will sponsor the Cash Shoot-out.
- The Thursday Dinner, Awards and Prizes Banquet will take place in the Grand Ballroom at the Four Points Sheraton from 7:30 pm—9:00 pm.

For a complete schedule, hotel information, and a registration form, visit www.lsla.com.

2019 RISK MANAGEMENT WORKSHOP FOR THE LUMBER INDUSTRY

By Scott Shaver - Commercial Insurance Consultant, R&R Insurance

LSLA and R&R Insurance sponsored the 2019 Risk Management Workshop for the Lumber Industry on May 3rd at the beautiful Wood Technology Center of Excellence facility at the Northcentral Technical College in Antigo. The event was well attended and the topics presented included an OSHA Update, Workplace Violence, Lock Out Tag Out and a Worker's Compensation Compensability game. The feedback from the attendees was very positive.

Thank you to Travis Allen and the Northcentral Technical College for offering their wonderful facility, and thank you to our speakers who volunteered their time to educate our members on these important industry topics. The speakers included Jim Lehrke, owner of Safety Connections, Inc, Maureen Joy, Health & Safety Consultant from R&R Insurance, and Attorney Bill Sachse.

The LSLA Education Board looks forward to offering another Risk Management workshop again in 2021.







HARDWOOD FEDERATION UPDATE

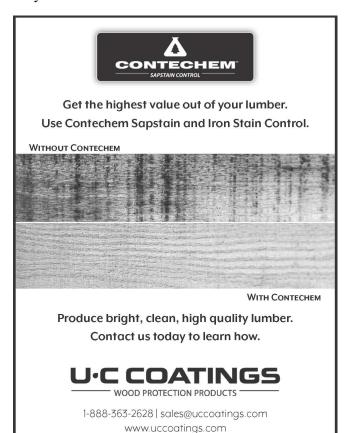
By Dana Lee Cole—Executive Director, Hardwood Federation

<u>Hardwood Federation Holds First Ever Emergency</u> <u>Fly-In</u>

Trade and Tariffs are dominating the news cycle and affecting each and every one of your businesses in some way. Many are hurting. Some are close to closing. So with direction from the Hardwood Federation Board of Directors, HF decided to take a harder stand, complete with a "Trade Days" Mini Fly-In – the first of its kind in HF history.

With only a few weeks to prep, the dates of Tuesday June 11th and Wednesday June 12th were selected. Willing participants would come in on one day or the other to meet with their Senators and some select Administration officials in order to leverage the most action possible from those who may have the Presidents' ear – because in the end, the only person who is going to grant any sort of relief to the Trade War with China is President Donald Trump himself.

In total, 24 Hardwood Industry representatives joined HF in Washington D.C. and met with 17 Senate offices (including 10 Senators) and one new Representative,, participated in two phone calls with Senators, and held one round table discussion with Senior USDA FAS Staff, and another with the Vice President's Chief of Staff and Policy Director.



These Hardwood Leaders shared their own stories of real world economic and labor impacts caused by the trade war with China and the devastation that the increase to 25% Tariffs has already triggered. Their stories are your stories – cancelled orders, products stuck on the water, shift cuts, wages lost, and, in extreme cases, total closures. Pre-Tariffs the hardwood industry exported approximately \$4 Billion of goods worldwide, 50% of that total going to China – by far our largest export market.

There is no immediate market, domestic or international, to replace the Chinese market. The next largest is Vietnam at approximately \$200 Million annually, which is about $1/10^{th}$ of the Chinese market. According to the American Hardwood Export Council (AHEC) in the past 3 quarters alone, the value of exports have declined by an average of \$154 Million per quarter, a 42% reduction of exports to our largest market... all under the 5% and 10% tariffs. The rise to 25% will be simply devastating.

These tariffs will impact everyone in the industry, even those who don't export. The decline in exports has led to an excess of product on the open market, which is driving down lumber prices for everyone. Mills are unable to sell lumber for what they bought it forcing layoffs and closures, which in turn hurts tree growers and loggers with nowhere to sell their supply. If hardwood mill capacity continues to disappear it will affect the entire supply chain and could easily go the way of the furniture industry and never come back. Markets lost can be markets lost forever. This will also allow China to have free access to our vast supply of raw materials and they will be able to purchase them on the cheap.

It was very disappointing that, even with an incredible outpouring from the industry, U.S. hardwood producers were not included in the recent financial support program announced by USDA. The Hardwood Federation is working with a bi-partisan group of Senators and House members to generate letters to USDA in support of industry relief for hardwood producers. We are also continuing to reach out pertinent Administration officials to share our grave concerns. And of course we consistently encourage the Administration to get back to the negotiating table and figure out SOME resolution to this brutal war.

The Hardwood Federation board and staff is working every angle to make Congress and the Administration aware of the plight of our industry. We also encourage you to reach out to your elected officials and share your stories. This is the most powerful tool we have and cannot be understated. Our Contact Congress outreach tool makes it easy....you may access it here: https://www.votervoice.net/THF/campaigns/66462/respond. And please pass it on to your employees so they may express their concerns as well!

GOT MEMBER NEWS?

If you are a member of LSLA and your company has news to share, we have the space for it! Significant personnel changes, new products, business expansion or relocation, or any other notable developments with your business — here is where you can make an announcement. Send us the information or press release, along with any photos you may want to accompany the article, and we'll do our best to include it in *The Log*. It's a great way to let your fellow LSLA members know what's happening.

Contact us at lsla@lsla.com or 920-884-0409.

MEET OUR MEMBERS



Meet Our Members is offered to all LSLA members. If you would like your company featured in an issue of The Log, please email to us the article, including the name of your company, address, type of business, product manufactured, years in

business, and other information that your fellow members will find interesting. If you have a picture you would like included, please email along with the article to lsla@lsla.com.

EMAIL ADDRESSES

LSLA frequently sends out to its members important announcements and information about meetings, educational opportunities, legislative matters or events of interest to the forest products industry. Email is the most effective method of communicating this information fast and efficiently, and ensures members' ability to respond to time-sensitive matters.

If your current email address is listed in the Buyer's Guide and you haven't been receiving emails from Lake States Lumber Association, please make sure that your email program is not blocking emails from Isla@Isla.com or that emails from us aren't being tossed into the junk mail folder.

If your current email address isn't listed in the Buyer's Guide and you would like to receive update information from us, please contact us, and we'll put you in our email address book.

If your email address has changed, please notify us so that you don't miss out on any important news.

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THE MICHIGAN REPORT

By Scott Everett, LSLA Michigan Legislative Consultant

Michigan Spring Session Legislation Ends

No overnight session. No crush of legislation. The first half of the 2019 legislative session not only effectively ended this week with no agreement on either the Fiscal Year (FY) 2020 budget or road funding. The House and Senate majority floor leaders read in future session dates for next week and eight days in July, but nobody is planning on any more votes until after July 4 at the earliest.

House Democrats Propose Road Funding Plan Boosts CIT 2.5%, Higher Fees On Heavy Trucks

House Democrats in June rolled out four alternative road funding bills that increase the 6% Corporate Income Tax another 2.5%, raise fees on heavy trucks and make pension income exempt from the income tax.

All told, the bills are designed to bring in around \$1.2 billion, half of the total that would be generated by Gov. Gretchen Whitmer's proposed 45-cent gas tax plan.

The four bills also create a Rhode Island-style bridge toll program for trucks. Rep. Jon Hoadley's HB 4780 creates the bridge toll idea. In Rhode Island, tolls are collected from large trucks along six major highway corridors at 12 locations. This would bring in an estimated \$50 million

Wentworth Nails Down Unanimous Caucus Support As Republicans' Next Leader

Speaker Pro Tem Jason Wentworth (R-Farwell) has received unanimous support from all 48 presumed returning House Republicans as the caucus' next leader for the 2021-22 term. If the GOP retains majority and nothing changes, Wentworth will succeed term-limited House Speaker Lee Chatfield (R-Levering) in about 18 months.

James Announces Run For U.S. Senate

John James, the former U.S. Army captain whose long-shot 2018 U.S. Senate campaign came within 6.5 percentage points of victory, has announced he will run again for the Senate in 2020 against first-term incumbent U.S. Sen. Gary PETERS (D-Bloomfield Twp.).



The Michigan Association of Timbermen has announced Denise Pallarito as its executive director, Timbermen also announced the retirement of Judy Augenstein after serving the organization as it's lobbyist for more than three decades.

Need more issues of *The Log*? Send extra copies to other people or divisions within your company for only \$50/year. It's the best way to ensure everyone is up to date on LSLA news. Contact us at 920-884-0409 or email at Isla@Isla.com.



Bob Bernklau - President 152 N. Cedar St., P.O. Box 159 Stetsonville, Wisconsin 54480

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THE WISCONSIN REPORT

By Amy Boyer, LSLA Wisconsin Legislative Consultant

Wisconsin Budget Update

The Wisconsin legislative Joint Committee on Finance completed its work on the Governor's proposed 2019-21 biennial budget bill on Thursday, June 13 passing the bill out of committee on a partisan 12-4 vote. The budget now heads to the full legislature for its approval. The two -year, \$81.5 billion spending plan was proposed by firstterm Democrat Governor Tony Evers, but re-written by legislative Republicans, setting up a much anticipated showdown between the two entities, who have been at odds for months now on how the state should prioritize its spending.

Additionally, objections from a few Senate Republicans, who hold a 19-14 majority, could derail the entire proposal if more than two members of the Senate Republican Caucus vote against the bill. Thus far, two Senate Republicans have publicly stated they will vote against the bill - Sen. Steve Nass (R-Delevan) and Sen. David Craig (R-Big Bend). If one more Republican member indicates a no vote, there will likely have to be amendments to the bill to garner enough support as it is highly unlikely that any Senate Democrats will vote for the bill.

Highlights of the 2019-21 budget include:

Transportation Funding:

Overall funding for the segregated transportation funding will increase by \$483 million over the biennium from a \$10 increase in registration fees for light truck and autos, a hybrid vehicle fee, a title transfer fee increase of \$95.

Additionally, the proposal authorizes up to \$326 million in bonding authority. Note: Governor Evers originally included an 8cent increase in the gas tax, repeal of minimum-markup on gasoline and a 27% heavy truck fee – all of which were deleted by the Joint Committee on Finance.

Taxes:

Republicans deleted Governor Evers' plan to increase taxes for manufacturers and on capital gains to fund an income tax cut for individuals. Instead, the Committee funded an income tax cut for filers to an average of \$75 in 2019 and \$136 in 2020. The proposal also puts \$60 million over the biennium in the state lottery property tax credit program.

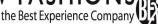
The State Assembly is expected to take the spending plan up on June 25 with the Senate to follow. Governor Evers, who ideally should sign the budget by June 30, has made veiled threats to veto the entire document, to which Speaker Robin Vos (R-Rochester) has responded by saying the Assembly will then adjourn and not come back until October. Under Wisconsin law, the State will continue to run on current spending levels until a new spending plan is enacted.

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LSLA Member News: Where members of Lake States Lumber Association share news and updates with their fellow members

Governor Reynolds Signs Forestry Overweight Bill into Law in Edgewood, IA

Governor Kim Reynolds was in Edgewood on Monday afternoon to sign the forestry overweight bill into law, which allows Iowa's forest industry to haul overweight with permits.

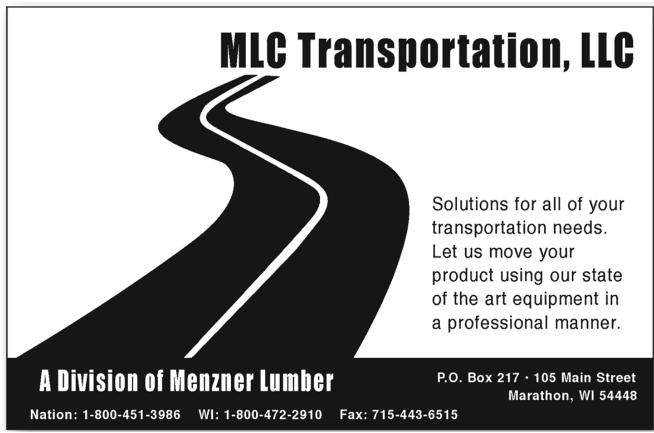
Kirby Kendrick, log salesman at Kendrick Forest Products in Edgewood, and many others have been working for the past three years with the Iowa Wood Industries Association to get the overweight bill passed. Many of those supportive members who contributed to the efforts of the bill, along with area legislators and business leaders, were at Kendrick Forest Products on Monday afternoon to watch Governor Reynolds sign the bill into law. Governor Reynolds told KMCH News Director Janelle Tucker that the forestry industry is just as important as Iowa's other commodities.

There are currently twenty-four states that allow the forest industry to haul overweight with permits – and a handful of them are Iowa's neighbors. That has put Iowa companies at an unfair freight advantage when competing with neighboring states. Many of Kendrick Forest

Products' railroad ties and green lumber go to Wisconsin, a state that offers overweight permits. Kirby says this new bill will now allow Kendrick to be more competitive because they'll be able to get ten to eighteen percent more weight on their trucks.

Following the bill signing, Governor Reynolds and Lt. Governor Adam Gregg took a tour of Kendrick's saw mill and its other companies.





TRAINING OPPORTUNITIES IN MICHIGAN & WISCONSIN

Kiln Drying Short Course

Date: August 12-15

<u>Location:</u> Northcentral Technical College, Antigo, WI Cost: \$450 for Great Lakes Kiln Drying Assoc. members

\$500 for non-members

Register at: http://bit.ly/NTCKiln2019
Contact 715-803-1034 for more information

Log Scaling & Grading Workshop

Date: August 21, 7:30 am - 4:30 pm

Location: Clayton Township Hall & Maple Ridge

Sawmill, Sterling, MI

Cost: FREE

Questions: Brenda Haskill, 989-732-3541 x5043

Register: Call 517-853-8880

Railroad Tie Workshop

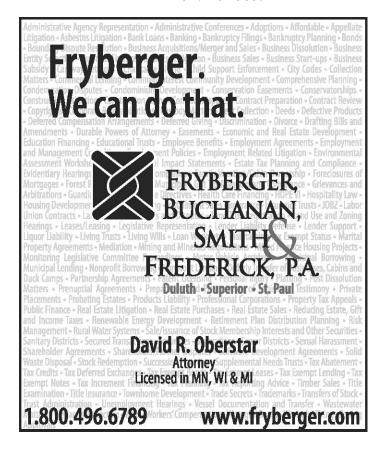
Date: August 28, 8:30 am - 3:00 pm

<u>Location:</u> Nadeau Township Hall & Performance Lumber Corp. 403 N US-41 Carney, MI 49812

Cost: \$20 Register at:

https://www.eventbrite.com/e/railroad-tie-workshop-tickets-61590111682

Contact Dave Neumann at 517-284-5887 for more info.



Business Marketing & Management for Sawmills Workshop – August 15, Gaylord

The MI-DNR and the Michigan Wood Innovation Team are pleased to host a one-day workshop in Gaylord on August 15, focusing on business management and marketing forest products. This workshop is tailored for sawmills. Marketing has been called the backbone of successful forest products companies, yet many manufacturers struggle with the marketing concept. Those attending this workshop will learn about the products of wood based industries, marketing as it relates to these products and how to use marketing strategies to stay competitive in the industry. It's designed for new marketing and sales staff, owners and managers, or those wishing to brush-up on the industry. The workshop will touch on marketing strategy for your products, market research, current industry trends, and international marketing. The workshop will be taught by Dr. Bob Smith & Dr. Omar Espinoza.

Dr. Smith is head of the Department of Sustainable Biomaterials at Virginia Tech, Professor of Forest Products Marketing, and Director of the Center for Forest Products Business, and Dr. Espinoza is an Assistant Professor and Chair of the Forest Products Management Development Institute at University of Minnesota. The instructors are also the authors of "Business Management Practices for Small to Medium Sized Forest Products Firms," a manual that provides information for starting a small forest products company, from business planning to financial management (https://www.pubs.ext.vt.edu/ANR/ANR-160/ANR-160.html).

Cost of the workshop is \$50. You can register at https://www.eventbrite.com/e/business-marketing-management-for-sawmills-tickets-61513245774.

<u>Date:</u> August 15, 8:30 am - 5:00 pm <u>Location:</u> University Center Gaylord 80 Livingston Boulevard Gaylord, MI 49735

For more information, contact Dave Neumann at neumannd@michigan.gov, or 517-284-5887.

Forest Products Workshop at FFA Convention

News from WI-DNR, Written by Logan Wells, Forest Products Specialist

On June 12, the Forest Products Services (FPS) team presented a workshop at the 90th Annual Wisconsin FFA Convention in Madison. Over 3,500 students attend the convention to celebrate accomplishments in their year and learn about leadership and other areas of agriculture.

The workshop, titled "Logs to Lumber," was attended by students and agricultural educators and covered the process of turning saw logs into lumber and other value-added products. The presentation explained different types of sawmills, pieces of equipment used in mills and the products produced by Wisconsin hardwood sawmills.

The Logs to Lumber program was well received and will be further developed by FPS in partnership with industry and agricultural educators as part of a high school forestry curriculum to teach students about the forest products industry. This program will eventually feature tools for instructors to teach the basics of lumber grading to their students. This will provide math and critical thinking to students through an applied, real-world skill set. This fits into the workforce development pillar of FPS's strategic direction in creating awareness of forest industry careers among students.

If you have questions, would like to help or learn more about the program, please send an email to logan.wells@wisconsin.gov.





Please Update LSLA Mailing Address

LSLA has changed its mailing address. Please update your records. Starting in October 2019, mail sent to the old Green Bay address will not be forwarded to the LSLA office.

The new address is below.

Lake States Lumber Association 1353 W Hwy US 2, Ste 2 Crystal Falls, MI 49920

Contact lsla@lsla.com or (920) 884-0409 with any questions.

Sawmill Analysis Opportunity

Opportunities to add value to sawmills are any changes to operations that will bring additional revenue to the company, including those found through improving maintenance and production processes, working with product markets, in how products are marketed, and new equipment investments that will improve productivity.

If you are interested in having a third party confidential analysis of your mill contact Don Peterson, Dave Neumann or Scott Lyon for further information on the service. Don Peterson: don@renewableresourcesolutions.com or (906) 875-3720

Dave Neumann: neumannd@michigan.gov Scott Lyon: scott.lyon@wisconsin.gov

WHERE IS DAVID BRADLEY?

David Bradley is trying to stay out of the rain this spring near Wittenberg, WI.





Come work with LSLA to promote and improve the Wood Industry! Become a member and enjoy the benefits of networking, publicity, and educational opportunities.

Contact us today at 920-884-0409 or email at lsla@lsla.com, or visit our website at www.lsla.com.

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