



Appalachian Hardwood *Sustainable & Legal*

Monthly newsletter of Appalachian Hardwood Manufacturers, Inc.

Domtar Paper, Mullican Flooring Tours Set

Appalachian Hardwood Manufacturers, Inc. and the Appalachian Lumbermen's Club will partner for the 2016 Fall Meeting & Tours on Nov. 15-16 at the Carnegie Hotel in Johnson City, TN. A few spots remain. Tours will be held at Domtar Paper and Mullican Flooring.

The event is an excellent opportunity for sawmills, distribution yards and secondary manufacturers to meet with key producers and processors from the Appalachian region. The program begins with optional sporting events: Golf Tournament at the Johnson City Country Club Course in Johnson City, TN, with consecutive tee times beginning at 10 a.m.; and a 5-Stand Shooting Tournament at Kettlefoot Gun Club in Bristol, TN, at 11 a.m.

Meeting registration at the hotel will open at 5:30 pm and is followed by a reception at 6 pm and dinner. The speaker is Domtar Plant Manager Bill MacPherson who will discuss current production of uncoated paper and fiber procurement needs from the central Appalachian region.

The plant tours on Nov. 16 will include Domtar Paper (*this tour is full*) and Mullican Flooring, a leading manufacturer of solid and engineered hardwood flooring. All attendees are welcome to tour Mullican Flooring at 8:30 am or 10:30 am and you must drive on your own.

There is a registration form on page 6 of this newsletter to complete and mail with your check to: AHMI, PO Box 427, High Point, NC 27261 or online at: www.appalachianwood.org/meetings.htm

The AHMI Board of Trustees will meet at 12:30 pm on Wednesday at the Carnegie Hotel for lunch and meeting to follow.

You can still register online at www.appalachianwood.org/meetings.htm or use the paper form on page 6. For more information, contact the AHMI office at 336-885-8315.

HP Furniture Market Attendance 'Positive'

Attendance at the 2016 Fall High Point Furniture Market was good with retailers shopping for winter and spring sales.

The twice annual show is the largest in the world, bringing more than 75,000 people to High Point. The trend for the fall market was

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Gat Caperton of Gat Creek Furniture sits at a solid Appalachian Ash table with AHMI's Tom Inman at the market

November 2016

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The way I see it...

By Tom Inman, AHMI President

...Appalachian Hardwood promotion reached thousands of new customers in the months of September and October in the United States and around the world.

AHMI staff traveled to five states, the District of Columbia and Europe to have direct contact with lumber buyers. We also sent electronic information to Europe, China, and Vietnam to encourage buyers to purchase Appalachian Hardwoods.

The fall is typically busy with the High Point Furniture Market and the National Hardwood Lumber Association convention. Both of those events attracted large crowds and the mood was upbeat.

I met dozens of new furniture manufacturers in High Point and distributed marketing materials on Appalachian Hardwoods. I also met with several international and domestic buyers at the NHLA Convention in Washington, DC.

I was able to attend the Kitchen Cabinet Manufacturers Association event in North Carolina and learned that the demise of solid hardwood in kitchen cabinets has been overstated. In talking with cabinet makers and parts suppliers, there is still demand for FAS hardwood lumber and solid components in medium and higher price points.

AHEC's European Convention was a real advantage for Appalachian Hardwood as the focus was on American Tulipwood (poplar as we know it!) AHEC promotes it as Tulipwood because of the poor reputation for *Populus tremula* in Europe.

The Tulipwood was used to build cross-laminated timber panels for a huge design festival in London and received great reviews. I met with dozens of timber importers who like the idea of Tulipwood for this and other projects.

Add in a Penn-York meeting, a trade mission from Turkey and our regular monthly activities and it was busy. AND the work continued at the Future of the Hardwood Industry conference last week and our Fall Meeting and Tours next week!

Busy, busy, busy! But that is what we are about - promoting the valuable logs, lumber and products from the Appalachian region. More to come!

Market from Page 1

mixed - literally a mixture of wood and steel, wood and plastic and a variety of solid, veneers and composites.

Manufacturers have been expanding the range of materials within their products for years. There continue to be solid hardwood furniture makers from the U.S., China and Vietnam that use both American and internationally sourced materials.

More designers and manufacturers report they are responding to consumer demands for greater variety and value. Those pressures have driven the lower-priced goods to cheap composite materials and medium and high-priced furnishings to maintain quality solid or veneer and plywood.

There were positives for solid hardwoods because a growing segment of buyers want lasting value from their purchase. They also want to be assured that the product is healthy and sustainable.

This is leading to a surge in products at the middle and high-priced points that are emphasizing solid wood, water-based finishes and simple designs. There were more manufacturers touting solid wood products again at market,

White Oak solids and veneers, Ash, Maple and Cherry were all seen in showrooms and promoted in furniture marketing materials this fall in High Point. Orders for these hardwood resources should be stable through the winter.

The spring 2017 event is set for April 22-26.



**SOLID
Hard Maple
chest was
new at the
High Point
Furniture
Market for
Vaughan-
Bassett
Furniture**

AHMI Participates In AHEC Convention

COPENHAGEN - Appalachian Hardwood Manufacturers, Inc. participated in the American Hardwood Export Council 2016 European Convention recently here.

Approximately 200 people attended the event which showcased American Tulipwood (Poplar) to European designers and architects. The emphasis was on cross-laminated timber produced from Appalachian Tulipwood for the London Design Festival.

AHMI member companies contributed four containers of 2COM Tulipwood that was manufactured into CLT panels for the exhibit "The Smile." The engineer, panel maker and an architect explained the advantages of Tulipwood in the project and for future construction materials.

AHMI and other U.S. exporters met with the timber importers to discuss their needs. The event concluded with discussions of the sustainability of American hardwoods and a NHLA grading seminar.



Panel discusses American Tulipwood for cross-laminated timbers at the AHEC European Convention

Join Us On Twitter, Facebook

Appalachian Hardwood Manufacturers, Inc. invites you to follow us on Facebook and Twitter.

Our Facebook page is **Appalachian Hardwood** at <https://www.facebook.com/Appalachian-Hardwood-115082515210245/>

Our Twitter account is **Appalachian Hardwood** at <https://twitter.com/AppalachianHdwd>



AHMI co-sponsored a visit by a group of log and lumber importers from Turkey. The group asked to visit sawmills and concentration yards in Kentucky. The group stands here on logs at Jim C. Hamer Co. Mills in Prestonsburg, KY. The buyers were primarily seeking white oak, walnut and ash logs and lumber.

The contact information was sent to Export Division members and is available from the AHMI office.

AHMI Hosts Reception For Cabinet Makers

GREENSBORO, NC - Appalachian Hardwood Manufacturers, Inc. sponsored a reception during the recent Kitchen Cabinet Manufacturers Association Fall Meeting and Tours here.

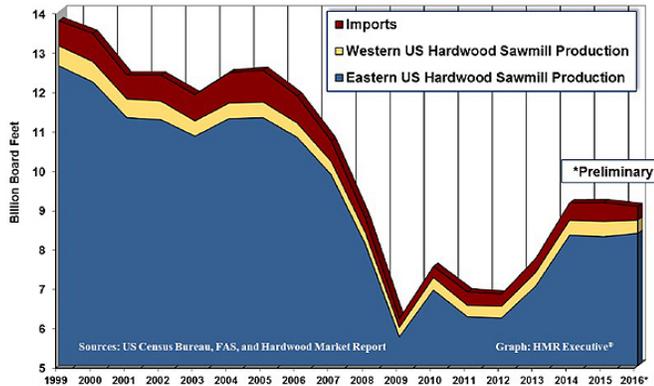
More than 250 people participated in two days of meetings and another two days of tours in plants in Virginia and North Carolina. The business sessions focused on key issues for the kitchen cabinet industry including recent Environmental Protection Agency revisions to emissions from composite wood panels.

The new rules will be posted on the Federal Register in the next few months and will require more recordskeeping on imported panel products for compliance. All composite wood panel products must meet the new emissions standards within a year of the posting. There is still discussion about existing inventories of materials.

Tours were held at cabinet and dimension plants, hardware makers and suppliers. For more information, please contact the AHMI office.

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Hardwood Lumber Supply Available to the US Market from All Sources



Conference Forecasts Pluses For Hardwoods

PRINCETON, WV - More than 80 people participated in the Future of the U.S. Hardwood Lumber Industry conference held here recently.

The speakers discussed the status of the hardwood resource, industry issues, current market conditions, future markets and took a tour of the Allegheny Wood Products sawmill in Princeton.

Several presenters shared that the hardwood forest in the eastern United States is growing but not at the rate of previous decades. The expansion of the forest was greater in the 1950-70s and has declined in the past two decades.

The reasons include urban sprawl and increases in market demand for lumber and fiber. While eastern states still have growth exceeding harvest and mortality, that ratio is declining.

One speaker noted that continued loss and fragmentation of forest land, along with other competing forest uses will affect future availability of wood resources. He said as the economy and industry improves, forests in some regions may see removals exceed growth.

Speakers also discussed the change in species composition in the past 30 years. Soft maple and sweetgum are on the rise while ash, hard maple and various oaks are declining.

Invasive species of bugs and pathogens have impacted the U.S. forest in the past decade and that will likely continue in the near future.

The presentations are available online at <http://woodproducts.sbio.vt.edu/futurehardwoods/>

Heintzelman Leads Keiver-Willard Lumber

After working many years on a plan for a smooth transition for the future of Keiver-Willard Lumber Corp., Bob Keiver has announced that his daughter, Patti Heintzelman, will take over as President and majority stock holder.

Patti has been active with the company for 22 years and proven she can maintain, control and continue to grow Keiver-Willard for the next generation, he said. She has great interest in the lumber industry and a great rapport with all of the employees, Keiver said.

Patti leads the company as a team so everyone contributes for the nucleus. The company was founded in 1953 and headquartered in Newburyport, MA.

AHMI Promotion & Trade Show Activities

Appalachian Hardwood Manufacturers, Inc. will attend / display at the following meetings and other events to promote member companies:

Nov. 10: **Furniture Frame Seminar**, Statesville, NC

Nov. 15-16: **Appalachian Hardwood Manufacturers, Inc. and Appalachian Lumbermen's Club Meeting & Tours**, Johnson City, TN

Nov. 21: **NCSU Silviculture Class**, Raleigh, NC

Jan. 10: **Appalachian Lumbermen's Club**, Hickory, NC

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

Feb. 15-17: **Hardwood Federation**, Washington, DC

March 2-5: **AHMI Annual Meeting**, The Diplomat, Hollywood, FL

March 14: **Appalachian Lumbermen's Club**, Greensboro, NC

April 11-14: **NWFA Flooring Expo**, Phoenix, AZ

May 4-7: **Appalachian Lumbermen's Club**, Myrtle Beach, SC

July 22-25: **AHMI Summer Conference**, Biltmore Inn, Asheville, NC

HF Pushes To End Estate Tax Burden On Future

By Dana Lee Cole, HF Executive Director

On Aug. 2nd the IRS proposed new rules that would profoundly affect how estates and gifts are valued for tax purposes.

The trade associations in D.C.—including the Hardwood Federation— have spent the past couple months digesting these proposed rules and if adopted in their current form, they could increase estate and gift taxes by 30 percent or more. A devastating proposal for succession plans and family owned businesses.

To be clear these rules affect family businesses only. Public companies or businesses owned by unrelated parties are unaffected.

How do the regulations increase tax rates? New rules largely eliminate “lack of control” and “lack of marketability” valuation discounts that are afforded under existing IRS rules.

The underlying premise for these existing discounts is based on the fact that if one has a non-controlling ownership interest in an asset, that non-controlling interest is simply not as valuable compared to a controlling interest. It is just not worth as much. The same is true for marketability of the asset. If there is no willing buyer, the asset is not as valuable.

These two discounts knock 30 percent or more off the value of the gifted property. Under the proposed regulation, they would go away completely.

At the heart of the IRS proposal is the resurrecting of a concept that has been rejected by the courts repeatedly. The concept is known as Family Attribution which holds that all families act in concert—that everyone gets along and agrees, which we all know is folly.

The concept holds that any minority interest in a family controlled business transferred to a family member should be valued as a controlling interest—because everyone will agree on major issues like whether or not to liquidate the asset. Again, this has been rejected by the courts.

Two different coalitions that HF is working with sent letters to the Treasury Department voicing extreme concern with the proposed changes. More than 40 Republican Senators - led by Sen.



John Thune (R-SD) - have also signed on to another letter to the Treasury Department asking they withdraw the proposed valuation discounts.

Additionally, Republicans in the House and the Senate have introduced bills to block new the rules and defund them should they become effective. One bill, H.R. 6042 introduced by Jim Sensenbrenner (R-WI), simply states that regulations proposed for purposes of section 2704 of the Internal Revenue Code relating to restrictions on liquidation of an interest with respect to estate, gift, and generation-skipping transfer taxes, and any substantially similar regulations that may be promulgated, have no force or effect. It was introduced September 15 and referred to the House Ways & Means Committee.

The second bill, H.R. 6100 sponsored by Warren Davidson (R-OH) is similar to H.R. 6042 but adds that no federal funds may be used to finalize, implement, administer or enforce these regulations or any substantially similar regulations. The bill, introduced September 21, now has 60 co-sponsors and was also referred to the House Ways & Means Committee.

In the Senate, Sen. Marco Rubio (R-FL) has introduced companion legislation to H.R. 6100. Rubio's bill, S. 3436, was introduced September 28 and referred to Senate Finance Committee.

On Dec. 1, Treasury is holding a public hearing on these proposed regulations.

The next significant date is Jan. 20. That is the final day of the Obama Administration. If we can keep these regulations from being finalized until that time, we effectively run out the clock on them. That is the strategy.

We expect additional Congressional letters to begin circulating in the House and Senate and we will be engaged in recruiting signatories to those letters in state and districts where we have a presence.

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APPALACHIAN Hardwood Manufacturers, Inc.



2016 Fall Meeting and Tours

in partnership with the Appalachian Lumbermen's Club
The Carnegie Hotel, Johnson City, TN Nov. 15-16, 2016

To accurately plan the functions and that all participants are included, please complete this form and return it with your check or credit card information TODAY to AHMI, P.O. Box 427, High Point, NC 27261 or register online at www.appalachianwood.org/meetings.htm

REGISTER THE FOLLOWING FOR FALL MEETING & TOURS (please select one)

AHMI Member: ___reception & dinner **\$65**; ___reception, dinner & tours **\$95** (choose tour below)

ALC Member: ___reception & dinner **\$0**; ___reception, dinner & tours **\$25** (choose tour below)

Non-member: ___reception & dinner **\$100**; ___reception, dinner & tours **\$130** (choose tour below)

Name: _____

Company: _____

Address: _____

City/State/Zip: _____

Full registration will be refunded on cancellations received by Oct. 15, 2016. Cancellations received after that time will be subject to 50% forfeiture.

WEDNESDAY TOURS: I will participate in:

(FULL) ~~Domtar Paper~~ & Mullican Flooring Tours at 8 am

___ Mullican Flooring Tour at 8:30 am (drive self)

___ Mullican Flooring Tour at 10:30 am (drive self)



TUESDAY SPORTING EVENTS (optional)

___ **Golf Tourney** at 10 a.m. Johnson City Country Club, Johnson City, TN **FEE: \$65**

___ **5-Stand Clays Tourney** at 11 a.m. Kettlefoot Gun Club, Bristol, VA **FEE: \$35**

You must supply gun & ammo

Check enclosed _____ **Payment information** \$ _____ **Total**

Credit Card: _____

Expiration date _____ Sec Code _____ Billing Zip Code _____

Name on card: _____

You may also register online at www.appalachianwood.org/meetings.htm

PLEASE MAKE ROOM RESERVATIONS AS SOON AS POSSIBLE!

Please make your room reservations by calling the Carnegie Hotel at **866-757-8277**. You must mention the Appalachian Hardwood block to receive the group rate of \$99 per night.