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November 14, 2022

The Honorable Ron Wyden
Chairman
Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Mike Crapo
Ranking Member
Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Richard Neal
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin Brady
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Wyden, Chairman Neal, Ranking Member Crapo and Ranking Member Brady:

On behalf of the Hardwood Federation, we urge you to prioritize extending an important tax provision which is scheduled to begin phasing out next year. By way of background, the Hardwood Federation is the unified voice on federal legislative and regulatory policy in Washington, DC representing 30 local, regional, and national trade associations that serve hardwood products businesses and their employees located in every state in the nation. The hardwood products sector is a fully integrated industry from logging to the manufacture of finished consumer goods which touch every aspect of American life including flooring, cabinets, furniture and moldings in our homes. Our members are primarily small and medium-sized businesses that are economic fixtures in primarily rural communities across the country.

For businesses in our sector, the ability to write off 100 percent of the value of an asset in the year in which that asset is purchased has been critical. While hardwood lumber companies are relatively smaller in scale, we nonetheless incur considerable capital expenditures on equipment to run our daily operations. Our members regularly invest in new dry kilns, boilers, forklifts, trucks and other equipment essential to producing hardwood products and moving them to our end customers. For over two decades, the tax code has allowed for some form of first year expensing known as bonus depreciation, a tax incentive that allows a business to immediately deduct a large percentage of the purchase price of eligible assets, such as machinery, rather than write them off over the "useful life" of that asset. Since 2017, businesses have been able to deduct 100% of depreciation upfront on their Federal tax return. Known as full expensing, this accelerated depreciation method has allowed our member companies to continue to invest in their businesses, despite challenging economic conditions over the last few years.

After this year, full bonus depreciation will begin to phase out with complete elimination in 2027. As Congress returns to Washington following the mid-term election, the Hardwood Federation respectfully requests that extending the ability to fully expense the cost of capital expenditures be made a top priority for legislative action.

Thank you for your consideration and we look forward to working with you on this important effort.

Sincerely,



Dana Lee Cole, Executive Director
Hardwood Federation

Hardwood Federation Member Associations

Allegheny Hardwood Utilization Group
American Hardwood Export Council
Appalachian Hardwood Manufacturers Inc.
Appalachian Lumbermen's Club
Decorative Hardwood's Association
Empire State Forest Products Association
Hardwood Distributors Association
Hardwood Manufacturers Association
Indiana Hardwood Lumbermen's Association
Kentucky Forest Industries Association
Lake States Lumber Association
Maple Flooring Manufacturers Association
Missouri Forest Products Association
National Hardwood Lumber Association
National Wood Flooring Association
National Woodland Owners Association

North Carolina Forestry Association
Northeastern Loggers Association
Ohio Forestry Association
Pennsylvania Forest Products Association
Penn-York Lumbermen's Club
Railway Tie Association
Southern Cypress Manufacturers Association
Southwestern Hardwood Manufacturers Club
Tennessee Forestry Association
Virginia Forest Products Association
Virginia Forestry Association
West Virginia Forestry Association
Western Hardwood Association
Westside Hardwood Club
Wood Component Manufacturers Association