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ESFPA *"The People Behind New York's Healthy Forests and Quality Wood Products"*
the **Empire** ENVOY

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UNITED WE SUCCEED

By John K. Bartow, Jr.

As we come to the close of 2024, we reflect on a challenging year. Through it all, one thing we know is that when we stand united, we succeed in both challenges and opportunities. ESFPA is a membership organization and like any trade association, our success is based on member engagement and participation be that in support of the organization through your memberships, engaging in our annual Forestry Awareness Day in Albany, participating in our advocacy campaigns or attending our regional meetings. It is when we work together that we succeed and effectuate change that benefits us all.

This past year we had numerous successes which are highlighted in this ENVOY and for that we are grateful for our members and the power that you bring to this organization. This year we succeeded in the New York State budget in getting funding for several priority items for our forests and wood products sector. We worked with the Legislature on introducing a Packaging Reduction and Recycling Act (EPR bill) which excludes non-packaging paper and we testified on EPR legislation in hopes of further shaping legislation which may advance in 2025.

We also successfully sought and achieved vetoes by Governor Hochul on legislation that would have authorized local governments to regulate pesticides in wetlands putting literally hundreds of local regulations across the state. We also succeeded in getting vetoes of the TREES Act (prohibition of procuring tropical hardwoods) and expanded claims on Wrongful Death. Both bills would have added costs to businesses and regulatory burdens. These legislative proposals, while having some well-intended purposes, raised serious questions on restrictive approaches to forest management and the future of wood product manufacturing in New York State.

In 2024 we also continued our work on New York's climate agenda as outlined in the Climate Leadership & Community Protection Act (CLCPA) and the Climate Scoping Plan.

ESFPA remains an industry leader on the CLCPA and how the Scoping Plan will impact manufacturers across New York. We have testified at several legislative and agency hearings over the year on program implementation and rulemakings and we are engaged in stakeholder panels for the siting renewable energy generation on forest lands and the Cap & Invest program that will roll out in 2025. ESFPA also submitted comments on dozens of regulations ranging from the clean truck rule to wetland regulations. 2024 was one of our busiest years engaged nationally with our national affiliates on regulations being developed by the Biden-Harris Administration to codify regulations before the Trump-Vance administration comes into office in January 2025.

ESFPA has also been a leader on the federal Endangered Species Act regulations on Northern Long-eared Bat (NLEB) and how federal and New York regulations will impact timber harvesting. As we go to print we are working on some new guidance for members to use when harvesting timber where bats may be found. New guidance will have some impact on our activities where they involve known summer roost tree habitat and hibernacula.

However, none of this success would be possible without you, our members and your support and engagement. In the first few weeks of 2025, you all should be receiving your membership letters for 2025, and we hope that as you set your priorities for 2025, ESFPA will be one of those. United we have and will continue to succeed!

If you have any questions regarding your membership or have any issue you feel we should be working on please do not hesitate to contact us. If you know of a peer business that could benefit from an ESFPA membership, please let us know and we will reach out to them. In the meantime, be safe out there and may you have a healthy and prosperous New Year!

John Bartow

The Empire Envoy

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Founded in 1906, ESFPA is dedicated to improving the economic climate for the forest products industry and to promote management of New York's Forests to meet the resource needs of today and for future generations. ESFPA counts among its 400 members furniture companies, lumber manufacturers, forest landowners, timber harvesters, pulp and paper companies, and other wood products manufacturers from across New York State. Members own and manage 1.5 million acres of New York's forests and employ over one-third of the 60,000 individuals who work in the forests and wood-using mills around the state. **The Empire Envoy** is the newsletter of the Empire State Forest Products Association. Copyright© by ESFPA. Articles may be reproduced with permission of the publisher. **The Empire Envoy** is produced monthly for ESFPA members and interested parties. For information on subscriptions or membership, please contact ESFPA.

A MESSAGE FROM THE CHAIRPERSON

Jennifer DeFrancesco, ESFPA Chairperson of the Board



By the time you are reading this we will have bid farewell to 2024, and we will be a quarter of the way into the 2000's. Does it seem like 25 years ago that everyone was nervous about Y2K and how it would impact our businesses? I remember doing many different back-ups of our computers and holding our breaths as the clocks struck midnight. It was a very real fear at the time, and now it is just something that we all survived through.

It seems like every day something new is thrown at us, and we wonder if this will be the straw that breaks the camel's back. I guarantee that at any given time we are facing several issues that you don't even know exist. But our team identifies them and gets to work on them. That is why being a part of a group like ESFPA is more important than ever before.

The rising cost of everything has hit all of us hard, and ESFPA is no exception. We pride ourselves on being very responsible and transparent with your dues and we have done a lot with our modest budget. Unfortunately, we were forced to make the difficult decision to raise dues for this coming year. We are so very thankful for your past support and look forward to serving you in the future.

There are many businesses in our industry that are not yet a part of our association. Your help is imperative in reaching those people and getting them to join us. If you feel comfortable reaching out to them directly and letting them know how important this group is, we hope that you will do that. If you would rather one of us do that for you, please contact our office or any Board member. We are happy to make that connection.

We are much stronger together than we are individually, and there

(See "Message" continued on page 3)

ESFPA Sustaining Members



A MESSAGE FROM THE CHAIRPERSON *(continued from page 2)*

is nothing that holds as much weight as a personal recommendation from a peer. Our office can reach out to anyone, but we always have more success when you all help with the outreach.

Please help 2025 to be one of our most successful years yet.

STATE CORNER

DEMOCRATS FALL JUST SHORT OF KEEPING SUPERMAJORITY IN ALBANY

ALBANY – Democrats kept their majority in the State Legislature but fell one Senate seat short of retaining a supermajority, losing the ability to easily override a veto from Gov. Kathy Hochul and giving her more bargaining power in the upcoming legislative session.

Democrats have 41 of the 63 State Senate seats, maintaining the majority but falling one seat short of a supermajority. Republicans, who in the Senate were able to flip one seat and maintain all their incumbent candidates, see it as a move in the right direction and already are looking to the 2026 elections. Senate and Assembly members are elected to two-year terms.

Democrats in the Assembly maintained their supermajority and picked up at least one seat, winning 103 of 150 seats.

Much will be status quo in Albany when the legislative session starts in January, with Democrats holding onto their trifecta: a Democratic governor and majorities in both houses. But losing the supermajority does take some of the bargaining power away from legislative leaders who, without at least some Republican support in the Senate, would no longer be able to override gubernatorial vetoes.

THE 2025 ALBANY LINE UP

The State Legislature returns to Albany on Wednesday January 8th where leadership in the Assembly and Senate will be making new Committee assignments and leadership positions. At this time we do not expect changes in our key committees (Environmental Conservation and Energy), but one never knows. There are a number of new faces in both houses so a lot of education to be had.

Governor Hochul will kick off her agenda for 2025 at the State of the State scheduled for January 14th. We have begun to see her unveil some initiatives on affordability (\$300-\$500 inflation payments to NY families) and housing. Over the coming days we should see more ideas floated.

The Governor will also release her budget and Article VII bills before February 1st.

We do foresee the Governor putting something out in her budget regarding **Extended Producer Responsibility (EPR)** for paper and packaging. At a meeting held earlier in December the Governor's office clearly signaled their interest in moving this program and Legislators Deborah Glick and Pete Harckham have indicated that to get EPR done will take leadership by the Governor.

Environmental groups have also signaled that they will be pushing for an additional \$100 million in the **Environmental Protection Fund**. If this materializes, ESFPA will be looking for at least \$10 million to be devoted to existing and new lines in the EPF which will benefit forests and wood products.

On the climate front we know that DEC is planning on rolling our **New York Cap & Invest (NYCI)** in early 2025 in an effort to ensure there is funding available in 2026. The NYCI program will place "caps" on greenhouse gas emissions from fossil fuel

sources and then auction off allowances for emissions that can't meet annual targets to generate revenues for investment". They expect the program to generate around \$3 billion annually to begin with. One encouraging thing we have heard is that all energy intensive and trades exposed (EITE) industrial and commercial uses will be eligible for free allowances. Originally, EITE status was going to be granted to manufacturers who generate 25 million tons/year on GhG emissions. This will be good for our sawmills who generate much smaller amounts of emissions but are no less EITE.

We also know that New York is not on track to achieve the emission reductions targets for 2030 or the electric generation targets for 2040. This has positioned business associations well into demanding and "all of the above" options in the State's efforts to achieve its ambitious climate goals. We expect to see efforts to smooth out transition to an all-electric economy and to get serious on projecting the costs and affordability of this transition. We will be working with our state association partners on the State Energy Planning process and on projecting affordability of this clean energy economy.

We are also working on having the Governor delay the **Advanced Clean Truck** rule to 2027 as opposed to 2025. This rule would impose strict quotas on vehicle registrations for internal combustion engines trucks unless or until a certain percentage of electric vehicle trucks are registered. We signed on a request for delay that was led by the New York State Truckers Association.

In 2025, we will see the roll out of **Freshwater Wetland regulations, Forest Tax Law regulations and Endangered Species regulations**. That's what we know of but can expect more.

(See "Albany Line Up" continued on page 4)

ALBANY LINE UP *(continued from page 3)*

2025 will be an interesting year and holds many opportunities and challenges for us. As always if there is something you are

interested in learning more about or something you think we are missing, please call or email us.

DEC PROPOSES REVISIONS TO STATE'S FOREST TAX LAW PROGRAM

New York State Department of Environmental Conservation (DEC) Interim Commissioner Sean Mahar has announced proposed changes to the regulations for Real Property Tax Law Section 480a, also known as the Forest Tax Law. The comprehensive overhaul of the 50-year-old regulations aims to lessen the administrative burdens on participating forest landowners while maintaining and improving sustainable timber management on enrolled lands. DEC is holding two virtual public comment hearings on the proposed changes on Jan. 21, 2025, and is accepting public comments through Jan. 27, 2025.

"Heathy, well-managed forests are essential for supporting our economy, protecting water and air quality, providing wildlife habitat, and improving forest carbon storage and sequestration," said Interim Commissioner Mahar. "As privately owned forests make up approximately 74 percent of the total forest land area in New York, the Forest Tax Law Program provides important incentives for managing timber resources for the long term under the direction of a professional forester, and the changes proposed today will ensure this program continues to provide the support needed for growing our forests of the future. I encourage all interested stakeholders to review the proposal and provide comments to help us modernize this important conservation tool."

New York State enacted the 480a Forest Tax Law in 1974 to encourage the long-term management of woodlands to produce forest crops and thereby increase the likelihood of a more stable forest economy. Through the new and revised regulations, DEC seeks to build upon and improve this successful program to ensure the continued sustainability of forest ownership over time. In 2022, draft regulations were released and public comments were collected. The newly

released draft regulations have incorporated those comments.

The proposed changes include, but are not limited to:

- Extending the period an approved forest management plan would cover from 15 years to 20 years and requiring fewer plan updates;
- Providing more flexibility to enrolled landowners to complete forestry treatments by changing the work schedule from year-by-year deadlines to a 10-year work window;
- Strengthening forest sustainability requirements on enrolled lands, such as requiring efforts to establish adequate forest regeneration and explicitly banning high grading (removing most of the commercially valuable trees at the expense of future growth and future financial return, often leaving a forest in poor condition); and
- Establishing a training requirement for consulting foresters working with Forest Tax Law clients to help set clear expectations and standardize Forest Tax Law administration across the state.

The proposed changes would go into effect on March 1, 2025.

The virtual public comment hearings will be held on Jan. 21, 2025, at 2 p.m. and at 6 p.m. Public comments will be accepted until Jan. 27, 2025, by writing to: NYSDEC Private Lands and Forest Utilization Section, Bureau of Forest Resource Management 625 Broadway, Albany, NY 12233-7254 or by email to bslmregs@dec.ny.gov.

ESFPA will also be preparing comments to submit to DEC.

NLEB BAT GUIDANCE

On October 23rd the US Fish & Wildlife Service issued final tools and guidance documents for NLEB and Tri-colored bats. NYS Department of Environmental Conservation has also updated their guidance on bats. Remember New York has its own Endangered Species Act (ESA) and it is slightly different than the federal ESA. In large measure the updated guidance adopts practices that we have been operating under for the past two years.

There are three significant new differences in the federal guidance. The first relates to habitat and range of the NLEB. Since data varies among the states in the NLEB range which runs from Kansas east and the mid-Atlantic north, USF&W has determined that it will make range characteristics uniform among the geography. For purposes of habitat that means all forests will be considered habitat for bats. The second is where there is a federal nexus (funding or regulations) these programs must avoid harvesting for development from April 1 to October 31. There is also a new timber harvesting restriction

from June 1 to August 15 which is the pup rearing stage of bats.

In developing guidance, DEC has left intact the guidance we operate under for the winter season (November 1 to March 31). For the summer season (April 1 to October 31) there are some new twists that we are still working out with DEC. While the area of concern for bats is 5 miles surrounding a known hibernacula and 3 miles of a known summer roost tree, there remains in effect a limit of avoiding all cutting within ¼ mile of a hibernaculum and 150' of a known summer roost tree. Note there are very limited documented known summer roost trees. There is a new standard to avoid tree cutting during the "pup season" (June 1 – August 15). This does apply to known summer roost trees but it remains unclear how DEC will deal with this window.

We are working with DEC to obtain some clear guidance for timber harvesting. Please look for something from us before March 1.

FEDERAL CORNER

THE 2025 CONGRESSIONAL LINE UP - FROM THE HARDWOOD FEDERATION

The following are some highlights of what our colleagues at the Hardwood Federation are projecting for 2025.

Schedule – As expected, the Congressional calendars for the 119th Congress came out the first week of December and based on the number of days that Congress has penciled in to be in Washington, 2025 is looking to be a very busy year. The typical cadence for Members of Congress is to parachute into D.C. late Monday or early Tuesday. Starting Tuesday, they attend committee hearings and markups, fundraise, cast votes and then, when the lure of jet fumes becomes too much to bear, call it a wrap on Thursday and head back home Thursday afternoon. According to the new calendars, that will not be the case next year. There will be a number of Fridays where both Houses are in session and incoming Senate Majority Leader Thune has been telling his colleagues to prepare for weekend work as well. We shall see, but the incoming leadership has identified a number of consequential, challenging policy issues to address—some of which are discussed below—and maximizing their time in Washington will be essential to make meaningful progress on any of them.

Tax – As we have noted many times over the course of this year, 2025 is shaping up to be historic in the tax space. Tax lobbyists that we attend meetings with are dubbing 2025 as the “Super Bowl of Tax” and “Taxmageddon.” While we anticipated that tackling expired and expiring business tax benefits would be the first item out of the gate next year as part of a budget reconciliation package, it appears that President-elect Trump and Republican leadership are going to first pursue some of the other issues on which he campaigned. Incoming Senate Majority Leader John Thune (R-SD) announced in early December that he would like to see the outlines of a budget reconciliation bill within the first 30 days after President-elect Trump takes office. According to leadership staff we have spoken to, the GOP will pursue two distinct reconciliation packages next year. The first will focus on energy, border security and military readiness/defense. Specifics on policies that will fall into these tranches are not yet clear. The second package will focus singularly on tax and extending the business tax benefits enacted by the Tax Cuts and Jobs Act (TCJA).

As we have noted, the appeal of using the budget reconciliation process is that it circumnavigates the 60-vote threshold in the Senate – meaning that only a simple majority is needed to clear the upper chamber. As Republicans will hold 53 Senate seats in the 119th Congress, these measures are certain to pass barring any GOP defections. Reconciliation has fairly strict parameters but has been used often in situations where one party controls

both chambers of Congress and the White House.

The Hardwood Federation’s priorities in the second reconciliation bill will be restoring the full expensing tax benefit that has been phasing out over the last few years and is scheduled to take another 20 percent haircut in January. The plan is to restore 100 percent bonus depreciation back to 100 percent and do so retroactively. The other piece is reviving and extending the research and development (R&D) tax credit. As part of the Tax Cuts and Jobs Act (TCJA), the ability of businesses to fully expense R&D costs in the same year those costs were incurred expired in 2022. Currently, those R&D costs have to be amortized over a 5-year period—essentially making investments in your business more expensive. Again, the plan is to restore and extend full expensing of R&D costs and make restoration of this key tax benefit retroactive. Also riding on this second train will be extending the 20 percent tax deduction for S-Corporations and other pass-through tax structures. This benefit was also put in place by the TCJA in an effort to introduce some semblance of tax parity between the rate larger C corporations negotiated and that which is assessed to smaller Main Street businesses. Unfortunately, this benefit expires at the end of 2025 and its extension is critical. To provide perspective, 62 percent of all private sector jobs are anchored by pass-through businesses. To put a finer point on it, 88 million people in this country show up for work every day at a business that is structured as a pass-through. It is a tax structure that is popular in our sector and the Hardwood Federation team will be working with our allies in the business community and Congress next year to ensure that this deduction is carried forward.

Farm Bill – It is a virtual certainty that last year around this time we wrote that the Farm Bill would be a top priority in the coming year and that action on reauthorizing legislation was imminent. Regrettably, we are in the unfortunate position of having to write that same sentence again one year later. The politics simply did not align between Democrats and Republicans this year on a Farm Bill rewrite. Party leadership remained so far apart on spending priorities that forging consensus was unachievable. Efforts concluded in the lame duck session of Congress to extend the current Farm Bill for one year. But hope springs eternal and we anticipate that new leadership—potentially on both the Agriculture Committees—will yield different results in the new Congress. Senator Amy Klobuchar (D-MN) will be new in the Ranking Member slot on the Senate Agriculture, Nutrition and Forestry Committee. She and incoming Chairman John Boozman (R-AR) have a good working relationship,

(See “Congressional Line Up” continued on page 6)



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CONGRESSIONAL LINE UP *(continued from page 5)*

and both have proven to be champions on key issues to the forestry and forest products sectors. In the House, Chairman GT Thompson (R-PA) will continue on as Chairman, but there was heated competition for the Ranking Member post. The new Ranking Member on the House Agriculture Committee is Angie Scott (D-CA) who challenged previous rankor Rep. David Scott (D-GA).

While a new Farm Bill was not enacted in 2024, it was not an “all for naught” exercise. Many provisions that surfaced in the House and Senate Farm Bill proposals were positive, including legislative language that would have doubled funding for the Market Access and Foreign Market Development Programs. Legislators also showed their support for grant programs at the Department of Agriculture that incentivize innovative wood product manufacturing and renewable heat and power projects that provide offtake for our sawmill residuals. The House Agriculture Committee-passed bill also includes forestry and forest products workforce development provisions that will help enhance the supply of trained employees that can work in our sawmills. The Hardwood Federation advocacy team looks to build on this progress in 2025 and we remain optimistic that a new Farm Bill will be signed into law sometime next year.

Trade – The President-elect’s campaign rhetoric over the last year or so has been pretty consistent on the international trade front. He has vowed that from Day One of his second Presidency he plans to get tough with our trading partners and rely heavily on his favorite tool to level the international playing field—tariffs. As we are all painfully aware, the hardwood industry was dealt a devastating blow during the first Trump Administration when China imposed retaliatory tariffs on our hardwood products destined for markets there. The effect of these tariffs was felt literally overnight as export demand dropped off the table. The Hardwood Federation team, working with our Executive Committee, has been in frequent talks since the election on ways to prepare for a tariff war should one materialize. It is difficult to ascertain at this point whether the President-elect is using the threat of tariffs simply to bring our trading partners to the negotiating table or if he really is preparing to impose tariffs on China, Mexico, Canada and European Union countries in January. We are preparing for the latter and are in the process of communicating with the President-elect’s transition team and key Members of Congress about the devastating effects tariffs would have on our sector. We will keep you regularly apprised of developments in this space and will be calling on you to help in our advocacy efforts should the tariff threat become a reality.

There will of course be many other policy issues that surface next year, but these three are top of mind for the Federation and the ones for which we are preparing. The new Congress—the 119th—will gavel in January 3 when newly elected Members are sworn in and then the action starts.

Trump-Vance Transition

President-elect Trump has been pulling together his cabinet appointments and Key White House personnel which will kick off his administration following inauguration on January 20, 2025. While Cabinet appointments will need Senate confirmation we have seen a lot of announced appointments tour D.C. Senate offices. We have also seen a couple of withdrawals in Matt Gaetz who was announced for Secretary of Defense and Chad Chronister for DEA Administrator.

Some key appointments we are watching that will impact policy in our sector include:

Marco Rubio – Secretary of State – A Florida senator who was first elected in 2010 as part of a new generation of conservative Tea Party leaders, Mr. Rubio was ridiculed by Mr. Trump as “Little Marco” when they competed for the Republican presidential nomination in 2016.

Lee Zeldin – E.P.A. Administrator – A former congressman from Long Island who ran unsuccessfully for governor in 2022, Mr. Zeldin is an avid supporter of Mr. Trump who voted against certifying the results of the 2020 election. During Mr. Zeldin’s tenure in the House of Representatives, he voted against clean water legislation at least a dozen times and clean air legislation at least half a dozen times, according to a scorecard from the League of Conservation Voters.

Doug Burgum – Interior Secretary – The governor of North Dakota briefly sought the Republican presidential nomination before dropping out and supporting Trump. He has longstanding ties to fossil fuel companies and was a liaison between the Trump campaign and oil executives.

Brooke Rollins - Agriculture Secretary - Ms. Rollins, a conservative lawyer, is the chief executive of the America First Policy Institute, a prominent think tank that laid plans for a second Trump presidency. She was originally considered for chief of staff, but ultimately lost to Susie Wiles.

Howard Lutnick - Commerce Secretary and transition co-chair – Mr. Lutnick is a Wall Street executive. His companies are involved in nearly every sector of the U.S. economy, and he could face questions during the confirmation process about his finances and potential conflicts of interest.

Chris Wright - Energy Secretary - Mr. Wright is the chief executive of Liberty Energy, a Denver-based fracking company. He has no government experience and caught the attention of Mr. Trump in part through his appearances on Fox News.

Jamieson Greer - U.S. Trade Representative - During Mr. Trump’s first term, Mr. Greer served as chief of staff to Robert E. Lighthizer, the trade representative at the time.

Pay attention to what’s happening on Capitol Hill. While the palace intrigue surrounding who is up and who is down among Trump’s nominees as they make the rounds in the Senate is grabbing all the headlines, monitoring what Republicans and Democrats are doing to prepare for the 119th Congress is critically important.

Democrats in the House, meanwhile, are taking steps to replace the aging, long-serving chairmen of at least three key committees – Judiciary, Natural Resources and Agriculture – and replace them with younger, more dynamic members who are seen as better foils to Trump and the GOP. House Democrats do not limit the terms of their committee chairs and/or ranking members; House Republicans do. The most high-profile change is Judiciary, where Rep. Jerry Nadler (D-NY) has agreed to step aside and allow Rep. Jamie Raskin (D-MD) to assume the mantle as the top Democrat on the committee. Raskin, a constitutional lawyer, will have no problem going toe-to-toe with Chairman

(See “Congressional Line Up” continued on page 7)

CONGRESSIONAL LINE UP *(continued from page 6)*

Jim Jordon (R-OH) in providing oversight of the Departments of Justice and Homeland Security, the FBI and federal courts.

Continuing Resolution. On December 20, the U.S. House and Senate passed a second Continuing Resolution to extend federal spending and avert a government shutdown through March 14, 2025. The bipartisan CR passed the U.S. House and Senate by bipartisan votes of 366-34 and 85-11 respectively just hours before midnight when the first stopgap measure was set to expire. A prior version of the CR included some county priorities such workforce and reentry services, but the House ultimately rejected that bill and Congress instead enacted a pared down stopgap.

The CR text includes the following policy highlights of interest:

- Over \$100 billion in supplemental funding for critical federal disaster programs including \$29 billion for the Federal Emergency Management Agency's Disaster Relief Fund.
- Year-long extension of the 2018 Farm Bill through September 30, 2025, and \$10 billion in economic assistance for agricultural producers facing hardship due to rising input costs and decreasing prices.

NEW YORK IS FINALLY PUTTING A PRICE ON CLIMATE EMISSIONS AND LOOK WHO IS PAYING IN 2025

Ever since New York passed its landmark climate law in 2019, a question has dogged its implementation: Who should pay the \$15 billion annual cost of slashing emissions? If we believe that \$15 billion is an accurate number.

Two years ago, Governor Kathy Hochul offered an answer: corporate polluters. She outlined an economy-wide system, called "cap and invest," that would put a price on pollution and drive the steep emissions cuts mandated by law. Two years ago Senator Liz Krueger offered another answer: again corporate oil and gas polluters who would pay for emissions from oil and gas exploration from 2000 to 2018 and pay for climate damages at the rate of \$3 billion/year for 25 years. The legislature passed the Climate Superfund bill and Governor Hochul signed it on December 24th (Merry Christmas oil and gas consumer). We heard in late December that we will likely see a proposed cap and invest regulation in early 2025 which should raise an additional \$3 billion per year with increasing amounts as the cap increases over time.

Proceeds from the Climate Superfund are earmarked for climate change adaptive infrastructure projects like wetland restoration, storm water systems, road and transit resilience projects, disaster preparedness and recovery, and energy infrastructure. In New York, projects like these have historically been affected by extreme weather events like Hurricane Sandy. Although opponents of the law said that it will force energy companies to raise prices, some economists have noted that since fees are based on past emissions, and oil prices are set by a global market, future prices should not be affected.

Regulators are fine-tuning the rules that will structure it; the state's initial projections show it could generate \$3 billion or more a year for the state to invest in green energy and other climate initiatives. Hochul and the legislature will likely negotiate further elements of the policy in the coming year's budget, setting up what could be New York's biggest climate fight since 2019.

There are still hurdles to clear as budget season approaches. In recent days, the Governor's office has quietly circulated details about her proposal — easing fears she'll likely embrace

a far less ambitious version of the plan than many would-be supporters want, because of a perception that voters have blamed Democrats for the rising cost of living.

In theory, a cap and invest program kills two birds with one stone. It simultaneously puts a limit on the tons of pollution companies can emit — "cap" — while making them pay for each ton, funding projects to help move the state away from polluting energy sources — "invest."

New York needs both sides of that equation to meet its climate law's mandates, which it is falling far behind on. Under the law, the state must cut overall emissions by 40 percent of 1990 levels by the end of the decade. But as of 2021, the latest year for which data is available, it had only achieved 9 percent emissions cuts. One reason is that the state still has no dedicated stream of climate funding, even as its own analysis has found that meeting the targets will cost some \$15 billion a year this decade, counting both private and public spending.

Cap and invest would charge the state's biggest emitters for a portion of that expense.

High on the list would be electric and gas utilities; waste facilities, including incinerators; and industrial plants, like cement, aluminum, and paper producers.

We have heard some positive things that reflect comments we have provided over the past year. One positive detail is that there will be a broader application of free allowances for Energy Intensive/Trade Exposed industries (EITE).

Initially only large emissions (greater than 25 million metric tons per year) industries would be EITE recognized. Now any industry could be recognized and eligible for free or reduced cost allowances.

The state projects that the program could bring in between \$3 billion and \$5 billion in revenue in its first year, increasing to as much as \$12 billion in 2030.

Like carbon markets around the world, New York plans to use auctions that allow companies to bid for the right to pollute,

(See "Look Who Is Paying in 2025" continued on page 8)

LOOK WHO IS PAYING IN 2025 *(continued from page 7)*

meaning the price of emissions is — in principle — determined by what polluters are willing to pay for it. Each ton of greenhouse emissions will be pegged to one “allowance” that the state sells.

If the targeted emissions cuts are steep — as New York’s are — and the “supply” of emissions allowances correspondingly low, then the auction price of those allowances could climb very high.

Discussions in recent days suggest that the price ceiling Hochul will present in January could be no higher than the low-end option of \$14 per ton that regulators have presented so far.

The Governor has framed this as a tradeoff between climate and affordability.

“As someone who comes from a cold weather part of our state, Buffalo,” Hochul told New York Focus at a December press conference, “we have to make sure that people can afford to keep the heat on in the winter time.”

The state’s modeling suggests that customers would not

actually be paying more across the board for a cap and invest program. A third of the program’s revenue will go directly back to New Yorkers as rebates, while the rest will go toward climate-friendly investments.

Alongside the Climate Superfund Act is rising utility rates to support new renewable infrastructure and generation, and now pending cap and invest...who do we think is paying the bill? On top of it we have rising costs of food, education, health care and housing. How much more can New Yorkers take?

The single biggest reason for that change in tone is the Governor’s last-minute suspension of congestion pricing in June, which suggested that Hochul might be willing to walk away from major policies — even at risk of breaking the law — if they were seen to harm affordability. But in December we saw the Governor bring back a \$9 congestion price, sign a Climate Superfund and now looks like putting forth a lite cap & invest with a climate hungry Democratic Legislature. Guess who is going to pay!

NEW FRESHWATER WETLAND REGULATIONS ADOPTED

On December 31, 2024, the New York State Department of Environmental Conservation (DEC) published a Notice of Adoption of new regulations that will regulate an estimated one million additional acres of wetland habitat across the state. These regulations are a step toward preserving biodiversity, improving water quality, and protecting communities from flooding. In legislation adopted in the budget of 2022, ESFPA was also able to ensure the codification of a crucial silvicultural permit exemption that we continue to fight for in this final regulatory adoption.

To facilitate a smooth transition to the new regulations, DEC will host a series of informational webinars beginning January 15, 2025, at 2 p.m. This session, titled “Navigating Change: Insights into the Finalized NYS Freshwater Wetlands Regulations,” will provide stakeholders with crucial insights into the updated Freshwater Wetlands program.

A recording of the webinar will be made accessible on DEC’s website afterward. We encourage our members to participate, as this is an excellent opportunity to clarify any questions you may have regarding the jurisdictional status of smaller wetlands and the streamlined classification process outlined in the new regulations. There will be more webinar opportunities, plus recordings of the webinars will be made available.

The final regulations, link to the webinar mentioned above and additional resources, including maps and information, is available on DEC’s website.

Additionally, DEC proposed a statewide general permit for various activities in State-regulated freshwater wetlands and adjacent areas, protected waterbodies, and navigable waters. The Freshwater Wetlands General Permit (GP-0-25-003) would be for a five-year term to allow for the repair, replacement, or removal of existing structures and facilities; construction or modification of various residential, commercial, industrial, or public structures; temporary installation of access roads and laydown areas; cutting trees and vegetation; drilling test wells; and routine beach maintenance and replenishment in areas under DEC jurisdiction.

The draft permit can be found on DEC’s Freshwater Wetlands General Permit website. Public comments will be accepted through Jan. 27, 2025, and can be submitted via email to DEPPermitting@dec.ny.gov or via mail to NYSDEC Division of Environmental Permits, Attn: Kristen Cady-Poulin, 4th Floor, NYSDEC 625 Broadway, Albany NY 12233-1750. DEC is also developing additional draft freshwater wetland general permits in 2025. ESFPA is preparing comments on the General Permit and our main comment is that silviculture remains exempt from any permit requirement. Please keep an eye out for our action alert on comments.

ESFPA NEWS

MARK MOWREY RECEIVES NEIL B. GUTCHESS AWARD

On December 18th at our annual holiday dinner, ESFPA presented Mark Mowrey with the Neil B. Gutches Memorial Award. This award recognizes individuals and/or organizations who make outstanding contributions to the forests and wood products industry in New York State and beyond. ESFPA has elected Mark Mowrey as this year's recipient since he has truly been an inspiration with the work he has done over the years.

In 1997, Mark Mowrey, his family, and a few others started Log-a-Load for Kids at the Boonville Woodsmen's Field Days. Log-a-Load for Kids provides the opportunity for loggers and any forest products businesses to donate the value of a load of logs (or any amount), to a nearby Children's Miracle Network Hospital to be used in treating ill and injured children.



For the last 27 years, Mark and his band of volunteers have developed Log-a-Load for Kids New York into a yearlong and Boonville-focused fundraiser. Today, Log-a-Load For Kids New York raises just over \$20,000/year and supports 8 Children Miracle Network Hospitals throughout the state. Since 2015, Mark and his volunteers have raised nearly \$490,000.

ESFPA would like to recognize and thank Mark Mowrey for his dedication, hard work, and the positive impact he has made, not only for the industry, but for the many children he has helped during his time with Log-a-Load for Kids.

NYLT UPDATES

New York Logger Training wrapped up 2024 with a November Board of Directors Meeting. Overall, 2024 was a successful year and we had good class attendance. We were able to hold 31 workshops with a total of 266 participants.

We have begun the courses for the 2024-2025 Department of Labor Hazard Abatement Board Grant (HAB) and will soon be applying for more funding for the 25-26 year. We expect to hear

back regarding HAB Grant funding around March or April.

The Spring 2025 NYLT courses will be released in late January, so please keep an eye out for the schedule of workshops in the mail as well as on newyorkloggertraining.org.

ESFPA BOARD RECOGNITION

We would like to take the time to acknowledge Tim Stocker of Sylvamo and Jack Santamour of LandVest who are stepping down from the ESFPA Board of Directors. We'd like to extend our gratitude for their time, dedication, and contributions to the ESFPA Board of Directors. Their leadership,

insight, and commitment have been instrumental in guiding our mission and advancing our goals. As they step down from their positions on the Board, we'd like to thank them for everything they have done during their time with ESFPA, and we wish them the best of luck in their future endeavors!

2025 ESFPA BOARD OF DIRECTORS

ESFPA would like to announce the changes being made for our 2025 Board of Directors.

We have re-elected 4 Directors:

- Doug Handy, A&H Forest Management, Inc.
- Michael Hanlon, Cotton-Hanlon, Inc.
- Larry Richards, Richards Logging, LLC
- Tony Woods, Lignetics, Inc.

Our 2024 list of Officers:

- Chairperson – Jennifer DeFrancesco of B & B Forest Products, LTD
- Vice-Chair – Jeff Denkenberger of Molpus Woodlands Group, LLC
- Treasurer – Michael Hanlon of Cotton-Hanlon, Inc.
- Secretary – Christopher Truso of Farm Credit East
- Immediate Past Chair – Michael McClarty of Finch Paper, LLC

The Executive Committee for 2024:

- Jen DeFrancesco of B & B Forest Products, LTD
- Chris Truso of Farm Credit East
- Mike Hanlon of Cotton-Hanlon, Inc.
- Jeff Denkenberger of Molpus Woodlands Group, LLC
- John Zemanick of Gutches Lumber Co, Inc.
- Kevin Brown of W.J. Cox Associates, Inc.
- Sean Ross of the Lyme Timber Company
- Mike McLarty of Finch Paper, LLC
- Sally Bogdanovitch of Bay Pond Park

We would also like to welcome one new Director, Craig MacLean, from Sylvamo who replaces Tim Stocker of Sylvamo who retired earlier this year. Craig is Global Fiber Supply Manager for Sylvamo.

2024 REGIONAL MEETING RECAP

ESFPA wrapped up our 2024 Regional Meetings in early October with a large turnout at Paul Smiths College and the Paul Smiths Visitor Interpretive Center. In total there were five Regional Meetings held this year: Albany, Ellicottville, Ithaca, Acra, and Paul Smiths. At Paul Smiths we also had the privilege of having four Board members talk with over 70 Paul Smiths College students about their careers in the Forest Products Sector and what they look for in young professionals entering the sector. Our thanks to Board Directors Larry Richards, Sean Ross, Mike McLarty and Damon Hartman for participating in this panel presentation.



We would like to extend our gratitude to everyone who participated in these meetings. We were able to meet with 1/3 of our membership in total across the four meetings, and it was great to be able to see and network with many of our members. We would like to thank those who attended; we value your participation and input as we move forward and plan for 2025. We would love to hear from you about what we can still do to improve these meetings, as well as what issues you would like us to better address in the future as an organization. In addition, if you would like us to host a meeting near you, please don't hesitate to reach out!

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FORESTRY AWARENESS DAY 2025



ESFPA would like to announce that our 2025 Forestry Awareness Day would be held on March 4th, 2025. This event will be held in the Well at the Legislative Office Building in Albany and will feature informational vendor displays from members and affiliate groups.

If you are interested in participating with your own display, please contact gabriella@esfpa.org. Be on the lookout for more details and registration information in the upcoming weeks.

LOG-A-LOAD FOR KIDS

For 2024, New York Log-a-Load for Kids raised \$ 21,484.29. This was from a combination of donations and fundraising at the Woodsmen's Field Days. While do not have records going back to 1997 when NY Log-a-Load for Kids was initiated, we do know that since 2015, New York's Log-a-Load for Kids has raised nearly \$490,000. Our thanks to Mark Mowrey, the Mowrey family and dozens of volunteers this year who made this campaign successful.

Having led this team for 27 years, Mark Mowrey is looking to step back in his leadership of New York Log-a-Load for Kids. If anyone from the forest product sector is willing to step up and lead this annual volunteer effort, please contact me at jbartow@esfpa.org or call me at (518)463-1297. Mark is willing to shadow a new leader or a leadership team in 2025.



This year's funds were distributed among 8 Children's Miracle Network Hospitals as follows:

- Total: \$25,128
- Albany- \$3,491
- Utica- \$2,991
- Syracuse- \$2,891
- Rochester- \$2,891
- Watertown- \$2,991
- Buffalo- \$3,491
- Elmira- \$3,491
- Westchester- \$2,891





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