Testimony for the Senate Committee on Agriculture, Nutrition and Forestry
Grow it Here, Make it Here: Making Jobs through Bio Based Manufacturing
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I would like to thank the Committee for holding this hearing on BioBased manufacturing and for inviting me to talk specifically about the enthusiasm the forest products industry has for the BioBased labeling program. I would also like to thank the Committee for all of your hard work on the 2014 Farm Bill and the expansion of the BioBased program to more comprehensively include forest products. Our industry also greatly appreciates other work in the farm bill such as the forest roads provision, as well as research and conservation funding. We were very fortunate as an industry to have so many strong advocates sitting around this table during the farm bill process.

Company Background

My name is JD Hankins, and I am the Vice President and co-owner of Hankins Incorporated located in Northeast Mississippi near Ripley. I also currently serve as the Vice Chairman of the Southeastern Lumber Manufacturers Association (SLMA). Hankins Inc. is a privately held, family-owned company that manufactures, dries and planes Southern Yellow Pine lumber that is sold throughout the United States. The Southeastern Lumber Manufacturers Association is a trade association that represents independently-owned sawmills, lumber treaters, and their suppliers in 17 states throughout the Southeast. SLMA's members produce more than 2 billion board feet of solid sawn lumber annually, they employ over 12,000 people, and they responsibly manage over a million acres of forestland. These sawmills are often the largest job creators in their rural communities, having an economic impact that reaches well beyond people that are in their direct employment.

Hankins Inc. was founded in 1988 when my brothers, Harold and David, and I decided to separate from our family's sawmill in Grenada, MS and purchase our own small sawmill near Ripley, MS that was producing about 12.5 million board feet of green lumber per year. Since that time, we have modernized the operation with a state of the art sawmill, sorter, dry kiln, and planing operation. In 2000, we constructed a second dry kiln, bringing total production to over 95 million board feet per year and directly bringing more than 90 jobs to rural Mississippi.

Even after all of these changes and large investments over the last 25 years, we continue to make improvements to increase efficiency in our energy and fiber use.

The BioBased Label in the 2014 Farm Bill

The lumber industry has a long history of being "green" and we like to say that Southern Yellow Pine was the original green building product. We are proud to be good stewards of the land and our natural resources, and are therefore very interested in using the BioBased label to tout our products. This label not only highlights the sustainable qualities of forest products, but

qualifying for the BioBased label also makes a product eligible for the federal government's BioPreferred procurement program.

The BioBased and BioPreferred program was initially authorized in the 2002 Farm Bill to help with the broad scale marketing of biobased products. Unfortunately, the rules developed around this program largely prohibited forest products from eligibility by defining the industry as a whole as a "mature market" that was not innovative.

While it would be difficult for me to argue that a 2"X4" from a generation ago is any different in function than a 2"X4" today, the path that 2"X4" takes from a forest to your home or to your grandchild's swingset is a significantly different and improved path. Innovation in the industry over the past two decades has been phenomenal and has allowed the industry to more fully utilize our country's natural resources. For this reason, the forest products industries, including lumber, paper, and others, urged Congress to clarify the standards of the program in the 2014 Farm Bill.

With the strong support of this Committee, that goal was achieved. Section 9002 of the 2014 Farm Bill specifically notes that forest products are eligible for the BioBased label if they apply "an innovative approach to growing, harvesting, sourcing, procuring, processing, manufacturing, or application of biobased products regardless of the date of entry into the marketplace." The language goes on to note that biobased products include forest materials "notwithstanding the market share the product holds, the age of the product, or whether the market for the product is new or emerging." Report language that accompanied the bill further reinforced the eligibility of forest products in the program.

As an industry, the inclusion of this language is very exciting. I've seen this industry transform itself since I was a child growing up in my family's sawmill, and I believe the industry has a great deal to bring to the program. However, we are still anxiously awaiting completion of the BioBased program's final rule, which will translate this legislation into practice. We are hopeful that the dedicated employees at USDA will ensure the rule takes into consideration the many innovations throughout the forest products value chain.

Industry Innovation

Clearly there isn't much innovation to be seen in the mere appearance or shape of a 2"X4", but that hasn't stopped the industry from applying innovations at every step of the process that turns a tree into the frame of someone's home. The BioBased label will help consumers make a more educated decision when purchasing building materials by alerting them to the advancements and efficiencies involved in bringing wood products to market.

The products manufactured by the forest products industry all begin on timberland, and that is where our industry's commitment to sustainability and innovation begins. Certification programs are now available to ensure that the timber used to make forest products is from well-managed lands where trees are being grown in a sustainable manner. In North America, the most common forest certifications systems are Sustainable Forestry Initiative, American Tree Farm

System and Forestry Stewardship Council. Combined they certify over 120 million acres.[1] Starting in 2009, Hankins Inc. received certification from SFI for the chain of custody for the timber that we source so that our customers can be confident the products they are purchasing are from well-managed timber stands.

Another tool that is used by the wood products industry to demonstrate environmental responsibility is environmental product declarations, or EPDs. Currently available for softwood lumber, plywood, oriented strand board (OSB), and glue-laminated lumber, EPDs are standardized tools that provide information about the environmental footprint of the products they cover. Led by the American Wood Council and Canadian Wood Council, the North American wood products industry has taken its EPDs one step further by obtaining third-party verification from the Underwriters Laboratories Environment (ULE), an independent certifier of products and their sustainability. These EPDs are developed in compliance with the international standard, ISO 14025 *Environmental Labels and Declarations*, so they are trusted domestically and internationally.

An EPD includes information about everything from life-cycle environmental impacts of a product, the water and energy usage required to manufacture a product, and material content. All of this information is provided in a standardized format to make the EPD easier for consumers to read and use. An example of an EPD for lumber products is included as an attachment to this testimony.

In today's high-tech mills, automation is the norm. Computers are the brains of the system, and these computers guide the conveyors, scanners, lasers, digital cameras and bar coding systems that do the work. The employees are often skilled workers that man the computer systems and ensure the operation as a whole is running smoothly.

Most people have not had the opportunity to tour a sawmill and see just how modern our facilities are. Once a tree has been harvested and shipped to the sawmill, logs immediately come into contact with technologies that were not available just a few years ago. For example, many mills are now installing whole truck scanners that actually tell the operator the total number, sizes, and quality of logs before the logs ever leave the truck.

Before the logs enter the mill, they are immediately scanned by a metal detector for any objects that may be detrimental to the process and are debarked. Immediately upon entering the mill, a log is scanned by multiple lasers that are able to prescribe the sizes and number of pieces of lumber that are contained in the log. Communicating with the computer systems, the mill "knows" how to make the most profitable pieces of lumber while minimizing the amount of by-product manufactured. Once the computer has assigned the productive and efficient use of the log, it is transferred through a series of saws that are controlled by computers receiving data from thousands of cameras and lasers. This ongoing process ensures the logs are in the correct position while constantly checking for defects in the log not previously detected so that all parts of the log are put to best use. The parts of the log not used to make lumber are not wasted, but

[1] **Sources: www.sfiprogram.org, ATFS staff, http://us.fsc.org/facts-figures.219.htm**

are often sold to manufacturers of other products, such as paper mills. Alternately, many mills use these bi-products to produce heat that dries the lumber after completing the sawing process.

A fairly recent innovation that has revolutionized sawmilling for many lumber producers is the "curve gang saw." Imagine a large machine simultaneously operating multiple saw blades that actually moves with the curvature of the grain in the log. This tool has allowed producers of lumber to make higher quality and more lumber from the logs going through the mill, while reducing the amount of the log not becoming lumber.

Another major change in the sawmill industry is in the kilns used to dry the lumber after it has been sawed in the mill. Today's dry kilns are much more efficient than those used in years past and continue to be improved upon. For example, kilns are constantly monitored by various gauges connected to computers that maintain proper temperature, heat generated and drying times so the proper moisture content level is achieved in the lumber.

In the last few years, dry kilns have taken a major step forward with the invention of the "continuous" dry kiln. This kiln improves efficiency and drying time by allowing large loads (charges) of lumber to move through kilns on a continual basis. Previously, all kilns were considered "batch" kilns, which meant you put a single charge in, closed the door, heated it up, dried the lumber, then turned it off, removed the lumber, and repeated the process. Continuous kilns are open ended and keep lumber moving through constantly, so each charge of lumber is able to use the heat and steam coming off the charge that is finishing the process. Additionally, the continuous kilns do not dip in efficiency like batch kilns during the heating up and cooling down phases between charges.

Worker safety is another critical benefit from today's technology. Just a few decades ago a worker might have been standing next to a circular saw guiding a piece of timber along through the cutting process. With the new technology this same process can be done with the use of a joystick by a worker sitting behind protective shield. Beyond technology, the sawmill industry is constantly working to improve worker safety, from implementing programs that keep work areas clean to mandatory requirements for proper ear and eye safety equipment use. When a mill implements a number of these advancements and you accumulate the impact of all of these changes, the impact is real, and it is significant.

Recent Innovations at Hankins Inc.

At Hankins Inc. we have taken many of these innovations and applied them to our operation. When we purchased the sawmill in 1988 it was a very rudimentary operation. Since that time we've implemented a number of the innovations just described.

- A complete renovation of the manufacturing equipment transpired after 1993.
- In 1994, Hankins installed an optimized trimming system and a 42 bay bin sorting system.
- In 1995, a new modern sawmill was constructed, including an optimized double length canter line with four chipping canter heads, a two sided circular sawbox capable of producing 3 sideboards on either side of the cant.

    - A VDA (Vertical Double Arbor gangsaw) with a shifting sawbox for multiple sawcut patterns was placed in operation.
- An optimized edger was installed to complete the optimization of the sawing process to ensure maximum yield and recovery from the sawlogs.
- In 1997, Hankins Inc. installed an optimized bucking system on the tree length cut up deck to increase the yield of the log cut up system.
- In 1998, a modern planing and sorting system was installed to improve production throughput and efficiency.

Since 2000, Hankins Inc. has continued to upgrade their optimization programs, their programmable logic controllers and their motor control devices so that maximum efficiency could be achieved and maintained thus reducing energy cost per 1000 board feet by 25%. Additionally, our certification from the Sustainable Forestry Initiative ensures that our mill is using America's natural and renewable resources wisely, which is at the core of the purpose for the BioPreferred program. All told, Hankins Inc. has invested approximately $20 million since 1994 to improve production efficiency by 37% and energy efficiency by 25%.

Conclusion

In conclusion, the forest products industry is hopeful that businesses that continue to evolve and innovate will be able to utilize the BioBased label when the new rules for the program are finalized. The legislative language and report language of the 2014 Farm Bill make it clear that these types of processes should be considered when determining eligibility for the BioBased label, and for that we have this Committee to thank. The forest products industry has a great story to tell about how far we have come and the benefits today's improved technology provides. Thank you for your time and interest in this important issue.