TESTIMONY BEFORE THE

U.S. HOUSE OF REPRESNTATIVES

COMMITTEE ON NATURAL RESOURCES

February 26, 2020

Presented by

Steve Marshall

Senior Vice President for Policy

SmartLam North America

Mr. Chairman, thank you and the Committee members for this opportunity to speak to you on behalf of SmartLam North America regarding The Trillion Trees Act. It is an honor to be here with you today talking about trees and the role they can play as we deal with climate change. I offer my support of HR 5859 broadly and want to specifically address its potential to impact sustainable building practices.

SmartLam North America is one of the few domestic producers of cross laminated timber also known as CLT. We make it in Montana and Alabama. Our CLT has been used in buildings from coast to coast in projects as diverse as on-base military guest housing and in the new flagship McDonalds restaurant in Chicago.

CLT and some related wood technologies known together as "mass timber" have been widely recognized for the extraordinary opportunity they present to sequester carbon. These technologies provide for sustainable building construction. Not only do they directly store carbon by using wood, they also offset carbon emissions related to various other construction materials in wide use, most notably concrete. The U.S. capacity to expand forests while harvesting wood for wood products is well established. This history makes the case for the related provisions in HR 5859.

Last December I retired from the U.S. Forest Service following 41 years of service. One of my responsibilities while working for the Agency was wood product market development. My current employment with SmartLam follows a similar path.

In 2013, while with the Forest Service, I conducted a review of wood technologies looking for what would be the most promising area for near-term wood product market development. Out of the dozen or so technologies considered, one stood out as having enormous potential and market readiness. That was CLT for building construction.

At the time, CLT was better than a decade into market development in Europe. It had recently been used in Australia and was beginning to be used in Canada. The only U.S. CLT production back then was SmartLam's small-scale production of industrial mats being used in oil fields to keep trucks and other heavy equipment up out of the mud.

In August of 2013, the Forest Service created the Wood Innovations program to help bring a strategic focus to its long-standing wood product market development efforts. While the program engages in a

wide range of wood products, CLT and related forms of mass timber have been treated as a national priority. We had the good fortune of good timing. The mass timber sector has taken off. The primary driver of the market for these products is carbon.

Since 2013, 256 mass timber buildings have been completed in the U.S. and another 458 are currently in design phases. CLT production is taking place in Alabama, Arkansas, Illinois, Montana, Oregon, Texas, Utah, and Washington. Some of that is industrial matting, much of it is architectural grade CLT being used in buildings. The 2021 edition of the International Building Code used across the U.S. has specific provisions for accommodating CLT beyond what is currently specified in our building codes. Multiple States and cities have moved out to pre-commit to the 2021 code revisions. This is extraordinary momentum for a technology that essentially did not exist here in 2013.

Yet the challenges for this building sector moving ahead remain considerable. There is only a very limited amount of U.S. production – much of what is currently being used here is being built with imported CLT. There is very limited expertise available at every point in the value chain. For example, beyond the obvious needs for seasoned architects, engineers, and developers, there are extra costs today associated with the lack of familiarity that lenders, insurers and local code officials have with this material. Similarly, there are significant issues when applying conventional life cycle analysis methods to new products. So, we have a new technology that is rapidly moving along yet is dealing with multiple hurdles.

The tax provisions in HR 5859 have the potential to significantly impact the sustainability of our construction practices in the U.S. Recognizing the carbon involved in producing building materials and embedded in those materials is key. I would expect CLT and other forms of mass timber to compete very well in such a framework. (NOTE: The summary of the proposed Bill indicates benefits would apply only to domestically produced materials. I did not see that specified in the Bill text itself.)

In sum, we have a building technology with the potential to transform the carbon profile of our built environment. As we grow our sustainable forests, we can further sequester carbon captured by these forests for generations to come.

Thank you for your time today and I am happy to respond to questions.