

**BUILDING NEW** 

**PARTNERSHIPS** 

April 16-18, 2007

Washington, DC

by Sean D. Shields

#### "Under New Management"

government is under new management.

As a result, this year's conference attendees standards.

Even as some things change, others remain the same. The Executive branch is still controlled by President Bush, and as a result, the federal bureaucracy has retained the same focus and direction. As you'll read, a small group of component manufacturers met with various federal agencies during the conference to continue building relationships with key individuals and get their perspectives on what it's like to work with a Congress under new management.



ith 54 brand new lawmakers in the 110th Congress, a whole new set of Senate and House Committee Chairs, and new leadership in both chambers—including our nation's first woman Speaker of the House you could say the legislative branch of our

encountered a Congress going in a different direction than those of the recent past. Embracing this fact, WTCA members focused on building awareness of the industry, growing relationships with lawmakers in new key leadership positions, and talking about issues that resonated with Democrats, like immigration, workforce training and green building

A new "breed" of lawmaker has also risen to prominence. The "Blue Dog Democrat" represents a more business-friendly aspect of the party in power. Component manufacturers heard from two of the more prominent members of this caucus, who offered some strong words of encouragement.

# Capitol Hill Visits

"Building New Partnerships" was the theme of this year's SBC Legislative Conference, and it held a two-fold meaning. Primarily, it alluded to the big changeover mentioned above that occurred in Congress after the 2006 election, but it also embraced the new working relationship being forged between WTCA and the National Lumber & Building Material Dealers Association (NLBMDA).

Holding their legislative conferences simultaneously, WTCA and NLBMDA helped their combined membership lobby Congress effectively on burning issues with one voice. Members of each organization still visited their lawmakers separately, to maximize the quantity of meetings held with Congressional delegates. However, WTCA and NLBMDA coordinated the analysis and messaging on each issue so that members of these two organizations presented a united front.

Immigration reform, and its potential impact on workforce availability, was chosen as the primary issue for the structural building components industry at the conference again this year, and NLBMDA added it as a new issue for its industry. The House and Senate both passed immigration reform legislation last year, but since they were unable to reach a compromise before the end of last year, nothing was submitted to President Bush. As WTCA and NLBMDA members hit the Hill, Congress was preparing to renew debate on a comprehensive immigration reform bill.

The price of health care, and the subsequent cost of health insurance, is making it more and more difficult for employers, particularly small businesses, who provide such health care for their employees, to continue to affordably provide it. This was another key issue chosen for the conference this year by both WTCA and NLBMDA. Unfortunately, as we discovered in a meeting at the Department of Labor's Employee Benefits Security Administration (see page 46), Congress has not begun to offer solutions to address this very pressing issue.

A well-trained workforce improves their effectiveness and your competitiveness. You can pay for their training entirely by yourself, or you can take advantage of the millions in federal and state dollars available through various grants. The chal-

lenge is finding these grants and qualifying for them—the process is not as easy as it could be. One thing that would significantly help is reauthorization and enhancement of the Workforce Investment Act of 1998. It appears Congress will begin debating this issue over the summer months.

As members stormed the offices of their Congressional delegates, they found lawmakers and legislative assistants who often remembered them from past visits, were well versed on the issues, and eager to hear their viewpoints. They brought with them a series of talking points (see pages 30-37) to help frame the issues and highlight how they affect the structural building components industry.

By bringing up additional issues such as expanded health savings accounts, innocent seller tort reform, improvement of railroad infrastructure and competition, as well as green building standards, our industry has already begun to address future legislation that will likely be debated during legislative conferences to come. SBC



#### **Author's Note:**

Most of the component manufacturers and suppliers that have participated in the conference year after year have been effective at building close working relationships with their members of Congress. In addition, some manufacturers, like Dean DeHoog (see page 41), have been successful at building these relationships more swiftly through hosting a tour of their production facility with a lawmaker.

Even with those relationships, it is still difficult to actually meet with lawmakers in Washington, DC while Congress is hotly debating issues like stem cell research, as they were while WTCA members were there in April. It was miraculous, then, that the Texas delegation was successful at meeting with all five of their members of the House of Representatives! Read their story on page 28, which is part good fortune and part a result of their long-term commitment to this industry's legislative advocacy efforts.



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Legislative Conference 2007: Storming the Hill

By Carl Schoening

The 2007 Legislative Conference has ended with a lot of positive, meaningful visits with elected leaders. This is the first time I have put pen to paper to report on the legislative conference, which is odd because this is one of the most important WTCA gatherings of the year and one of my favorites.

I called it "Storming the Hill" for several reasons. First, the group that attended this year turned out to be an interesting mix of experienced and first time attendees. But every individual was prepared to go to battle on behalf of the component industry. This was my seventh legislative conference and I am still excited when I arrive. We begin by getting briefed on the issues each year. The materials the WTCA staff prepares are the best. I have seen material prepared by other groups, most of which boast larger membership and higher legislative budgets, and none of them compare. When we walk into a Congressman's or Senator's office we all know that we will leave there having presented a positive professional impression of our industry and know that we have done our very best to impress the importance of our issues.

The second reason for the title is that this year everyone was ready to "charge" the hill and win the battle. This was just one battle in the war for success. Those of us that have been to DC before know that this is a marathon and not a sprint. It may take several visits before we fully achieve our agenda. But we know that this year we won the day. The response from legislators was positive and more consistent this year than any other year I have attended.

#### **An Exciting First**

This year the Texas contingent consisted of Jack Dermer, Frank Klinger and me. Each of us has attended before and we have a well laid plan when we visit elected officials. We go together. This year was a first for us (and the Conference!); we visited with all five Representatives from our state.

"It is a tremendous opportunity to see how the government works and our opportunity to voice our opinions and be listened to. It's an opportunity to get up close and get a personal feeling for your legislator's opinion on issues."

–Jack Dermer,American Truss Systems, Inc.

Meaning, we go to each others elected Representatives as well as the Senators from our state. This allows us to show a strong united front for our state and not just from a specific congressional district. We all know the part each of us will play in the visit. We know who does what and when. We don't speak over each other and we move through the information quickly. It is important to be concise and thorough. Elected officials and their staff are very busy and we get a limited amount of time to make an impact that will get them to review the materials we leave and to pass that critical information on to the elected official. Preparation is the name of the game.

Frank agrees that our strategy is effective. "Usually a group of three or four is perfect," he said. "One guy can talk, one can take pictures, and the others can fill in or take turns. It's teamwork." He also reminded us that in years past, the highest number of elected officials we visited was two.

Apart from gaining credibility by going in a group, Jack thinks consistent attendance at the conference helped us this time. "The repeated visits may have helped in getting to meet with all of the Congressmen," he said. "They were familiar with who we were and what we were doing. Some Congressmen even remembered us from before. When they feel more comfortable with you, and know you, they are more willing to welcome you in."

As for feeling nervous or uncomfortable, just remember that these people work for you and others from your state or district. You, in many ways, are their boss. Without you and other concerned citizens like you, they could not get elected. You must still show them respect for the job they are doing, but there is no need to be nervous about the visit.

Frank said we were lucky to have met with the Congresspeople themselves. "When I talk to aides, I'm never sure what info will get back to the congressman," he commented. "But in this case we were able to speak with them, and most were very knowledgeable on the subjects we were discussing. It was nice to be able to talk to them directly and very interesting to hear what they had to say." Jack was excited to hear that one of his Congressmen was very familiar with what his company produces. "It really surprised me. When I left, I had a different perception of him."

This year our primary topic was immigration. There has been a lot of discussion about how to improve or reform the current immigration system the last few years. This is an emotional issue with very strong feelings on both sides. In some camps the idea of gathering up all illegal immigrants and sending them back to their country of origin was the main goal a year ago. Fortunately, time has softened the perspective of both sides and it appears a compromise bill is in the making. What is needed is a well thought out guest worker program that will establish guidelines for illegal immigrants to register their status in the United States and receive verification of their right to work. This will mean coming up with a way to provide tamper proof credentials that will allow employers to positively know the status of each individual applying for a job and hold the employer harmless if they follow the rules to the letter of the law. All of the lawmakers we spoke to this year were pushing hard to the use of biometric technology and most were confident that a law would be passed before the next presidential election. That was great to hear.

Another area that was on our agenda was the Workforce Investment Act. This would provide funding to assist employers in training costs. This is an important measure when you consider how much component manufacturers spend training every member of the staff from production to design to managers. This could really help component manufacturers take our industry to a new level.

We also discussed the need for health care reform. Escalating health care costs have forced many employers to reduce coverage or employer participation in premiums and have even force some employers to drop health benefits completely. We discussed the need for broadening HSA (Health Saving Accounts) benefits and providing a greater range of benefits. All of the lawmakers were very much in favor of these concepts.

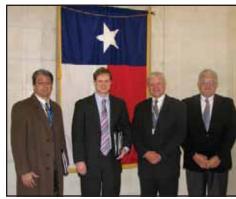
I know that some of you are thinking, "I don't know anything about those areas!" Don't worry. You don't have to be an expert. What we need are people that are passionate about the component industry to attend and pass that enthusiasm on to the elected official. One way to begin building a relationship with your elected leader is to call their office and invite them to tour your facility when they are in the area. They want to visit constituents, especially businesses in their area. When they visit they will see that we are a sophisticated industry and that they will come into contact with a number of voters in one place. You will be pleasantly surprised at the response you will get. Chances are you will also get a bit of free publicity if you tip off the local paper that someone from Washington, DC will be touring your facility. This helps you and it helps the elected official.

Jack says tours are important because "[legislators] get a chance to see exactly what we build and manufacture, and what we supply to our customers." Frank has noticed that they tend to remember you better the next time you meet in DC because they recognize your name and plant.

Lastly, while a lot of good work gets done at the Legislative Conference there is a lot of fun that goes on as well. The time spent with other industry leaders is valuable. It is your chance to pick the brain of other component manufacturers in the after hours lounges. Chances are you may even get to play a game of pool with someone you know and have bragging rights for a year. Please join us next year as we plant the WTCA flag on Capitol Hill. SBC

Members from WTCA's Texas Chapter
(Jack Dermer, Frank Klinger, Carl
Schoening and Jim Giunta) visited all five
Representatives and both Senators from
their state. Top to bottom: Aide for Senator
John Cornyn (R); Aide for Senator Kay
Bailey Hutchison (R); Representative Kenny
Marchant (R); Representative Gene Green (D);
Representative Rubén Hinojosa (D)











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# Talking Points

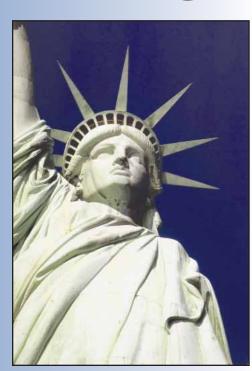
by Sean D. Shields

In addition to the 2007 Legislative Policies & Positions handbook created for WTCA members to use during visits with their Congressional delegates, a series of talking points were drafted to frame the most important issues facing the structural building components industry and provide guidance to lawmakers on specific pending legislation.

The main issues addressed at the legislative conference this year were: immigration reform and its impact on the structural building components industry's workforce; health care and the need for additional ways to provide affordable health insurance to employees; workforce training and the need for additional educational funding; tax reform, including the importance of changing the way the U.S. taxes domestic lumber production; and, the need to pass tort reforms like those contained within the Innocent Sellers Fairness Act (ISFA).

Below are the talking points used during the conference, which are also available online at <a href="https://www.sbcleg.com">www.sbcleg.com</a>.

# IMMIGRATION



#### **Industry Position**

Having safe and secure borders should be a top priority. However, the strong foundations of this nation and its robust economy have always depended on a vibrant immigrant population. In order for the structural building components industry to continue providing the components for affordable structures, there must continue to be a legal way for our industry to hire immigrant workers.

**SUPPORT:** H.R. 1645 (Gutierrez, D-IL), S. 340 (Feinstein, D-CA), H.R. 371 (Berman, D-CA), S. 795 (Obama, D-IL), H.R. 1379 (Gutierrez, D-IL) because they address much needed reforms while providing for expanded visa or guest worker programs.

**OPPOSE:** H.R. 1430 (Goodlatte, R-VA) and H.R. 138 (Gallegly, R-CA), because they are overly punitive to employers while lacking any provision for legally hiring immigrant workers.

#### **Illegal Immigration a Concern**

- The Census Bureau estimates a net increase of 500,000 illegal immigrants annually. For example, in 1999 Immigration and Naturalization Service (the INS has since been rolled into the Department of Homeland Security) estimated that 968,000 new illegal immigrants settled in the U.S.
- The increased availability of forged citizenship documents makes illegal immigration a more significant problem for employers because it is becoming exceedingly difficult to determine who is eligible for legal employment.
- Our industry believes the U.S. Department of Homeland Security should receive additional funding for the purposes of increasing border security, providing more extensive criminal and background checks on visa applicants, and identifying undocumented workers and foreign individuals living in the United States.

#### **Immigrant Labor Relied Upon**

- The opportunities for young people to move up the career ladder within the structural building components industry are tremendous. Yet, according to studies done by NAM, the number of young people who enter the skilled trades continues to diminish.
- Young workers are not being attracted to and entering these types of manufacturing jobs as a valuable career choice. Alternatively, immigrant populations are generally eager to fill these types of jobs, perform them well, and are finding that the career opportunities are valuable to them.

#### **Need Guest Worker Program**

- Our industry pays competitive living wages, provides benefits to its employees, and presents many opportunities for career advancement and long-term job security.
- Our industry is an integral part of the building construction industry, and we
  provide efficiently-built, cost-effective structural solutions for builders. Without
  a viable workforce we will be unable to assist builders in meeting the public
  demand for housing and commercial construction.
- It is essential that employers in the structural building components industry be able to legally hire immigrant workers to ease the nationwide manufacturing and building construction labor shortage.

## HEALTH CARE

#### **Industry Position**

Unless the high costs of health insurance premiums are quickly brought under control, many manufacturers within the structural building components industry will be unable to provide their employees with adequate health benefits, and may be faced with the difficult choice of dropping health benefits entirely.

#### **Control High Costs**

- The ongoing increase in medical and insurance premium costs in this country is creating a significant barrier to high-quality, accessible health care.
- Nearly 27 million of our nation's uninsured are small business owners, employees or dependents of small businesses with less than 100 employees.
- Government studies indicate health care spending in America has increased from 5 percent of GDP in 1960 to 16 percent in 2004, and is expected to increase to 18.7 percent in 2014. This increasing burden of health spending on the U.S. economy is unsustainable.

#### **Association Health Plans (AHP)**

**SUPPORT:** H.R. 1012 (Buchanan, R-FL) and H.R. 241 (Johnson, R-TX) because they address much needed reforms in the health care system by creating association health plans.

- Nationally, small businesses are less than half as likely as large employers to offer health benefits to their workers. While 95 percent of employers with more than 50 employees offer health benefits, only 43 percent of employers with fewer than 50 employees do so.
- Small businesses pay as much as 30 percent more than large employers for similar health benefits. According to the Government Accountability Office (GAO), insurers incur higher marketing, underwriting, and administrative costs when providing health care coverage to small employers than to large employers—costs that insurers pass on to small firms.



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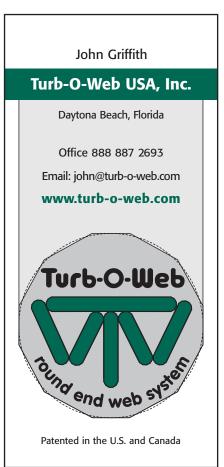
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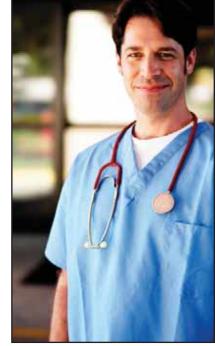
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#### Approximately 75 percent of the structural building component industry is made up of small business owners who average less than \$5 million in annual sales and have less than 50 employees.

- · Currently, they are experiencing annual health insurance premium increases averaging nearly 20 percent, which is capital that alternately could be used to expand their businesses, add new staff, and develop new products.
- The Congressional Budget Office (CBO) has estimated that small businesses obtaining insurance through AHPs should experience average premium reductions of up to 25 percent, because they enable small businesses to take advantage of the same regulatory status, purchasing clout, economies of scale and administrative efficiencies that many large corporations currently utilize.



#### **Health Savings Accounts (HSA)**

SUPPORT: S. 298 (McCarthy, D-NY), S. 334 (Wyden, D-OR), S. 173 (Inhoffe, R-OK), S. 46 (Ensign, R-NV) and S.1019 (Coburn, R-OK) because they address much needed reforms in the health care system by enhancing individual Health Savings Accounts (HSAs).

- More and more American workers are using HSAs and taking advantage of pretax dollars to pay for their out-of-pocket medical expenses. As of September 2006, one percent of the privately insured U.S. population ages 21-64 were enrolled in a plan with an HSA.
- The structural building components industry applauds the work of Congress in passing legislation in 2006 that allows dollars saved into HSAs to roll over from year to year, enabling employees to better afford high-deductible health insurance in combination with these pre-tax savings accounts.
- Expanded HSAs will allow more workers to choose "catastrophic" insurance plans for major medical events, which are more affordable and will reduce the financial burden currently carried by employers and various government and non-profit entities.
- Our industry supports allowing employees with HSAs and their employers to make annual contributions to their HSAs up to the maximum amount that their insurance policies require people to pay for out-of-pocket health care expenses, not just their deductible.

"I thoroughly enjoyed my first time visiting my members of Congress. I felt well prepared by the materials and felt that my lawmakers were supportive of our industry's issues. Everyone I met with appreciated the fact that I came into their office and shared my concerns with them."

-Jim Scheible, Automated Building Components

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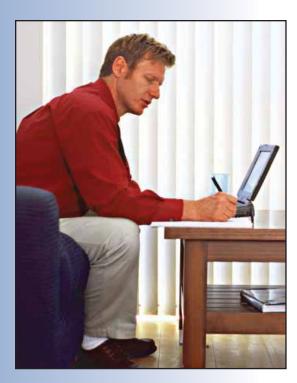
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## WORKFORCE TRAINING



#### **Industry Position**

The structural building components industry believes that to remain competitive in the global economy, America needs to do more—both publicly and privately—to educate and train the workforce of today and tomorrow.

**SUPPORT:** S. 761 (Reid-NV) S. 26 (Cantwell, D-WA), S.833 (Coleman, R-MN) and H.R. 224 (Weller, R-IL), because they provide additional funding and programs for training America's workforce. Also, the structural building components industry supports immediate reauthorization of the Workforce Investment Act of 1998.

#### **Workers Are Key Resource**

- American workers, through the initiative, creativity and energy they exhibit each day, are what have made American companies so competitive and our nation's economy the strongest in the world.
- However, our nation's economy is rapidly evolving due to the pressures of global competitiveness, where many skilled but relatively easy to train manufacturing jobs are leaving the US, leaving a strong demand for service sector jobs that require an entirely different skill set.
- According the National Association of Manufacturers (NAM), more than 80 percent of manufacturers say they are having trouble finding qualified employees.
- Our workers need to have the support and resources to improve their skill in order to keep up with advancements in technology and manufacturing processes.

#### **Additional Training Needed**

- Solutions need to come from business, government—and from American workers.
   Our industry would like to thank Congress for taking the first step by consolidating a system of overlapping and ineffective government training programs into the Workforce Investment Act of 1998. Reauthorization of this landmark legislation is long overdue.
- American manufacturers have become concerned about lagging graduation rates (as compared with our international counterparts) in math, sciences and engineering—academic areas the structural building components industry relies heavily upon due to the engineering and design requirements of its products.

#### **Career Advancement Accounts**

- Our industry believes ideas like Career Advancement Accounts, will empower individuals by significantly increasing workers' resources and training opportunities. It will enable nearly 800,000 American workers to use their accounts for training and other services to help them advance their careers.
- Finally, the structural building components industry supports federal and state
  efforts to shift spending for workforce training away from expensive or duplicative
  agency administration, and toward more streamlined, efficient training program
  delivery.

"I am so glad to be a part of this organization. During the conference, I made some good connections, and look forward to building these relationships."

-Mike Redmon, Carolina Truss

June/July 2007

# THE AUTOMATED TURNAROUND

Component manufacturers have a huge, windfall-like opportunity before them.

The opportunity is not of our making. It's the result of a market downturn occurring in the midst of an automated equipment "revolution."

Automated equipment, of course, converts the labor-intensive process of truss and panel production to a largely computer-orchestrated mechanical process, cutting labor costs by multiples.

Thus, automation's impact on product margins - the difference between what you sell a product for and what it costs you to make it - is huge, based on labor cost savings alone. Those extra margin dollars are simply sitting there, waiting to be collected: a single, windfall-like opportunity to dramatically and perpetually increase margins.

And right now - in the midst of a downturn, while business is slow - is the ideal time to install. You have time to re-locate equipment, institute new

automated procedures, train personnel, and go through the learning curve.

The problem is investing when business is slow and dollars tight. So we've made \$25,000,000 interest-free dollars available to fund the installation of automated equipment NOW.

If you choose to take advantage of this "we invest - you automate" program, you will immediately begin turning around declining profits. And when the industry rebounds, you will emerge a far different, substantially more profitable company. In short, you will have engineered your own turnaround - both short term and long term - with automation.

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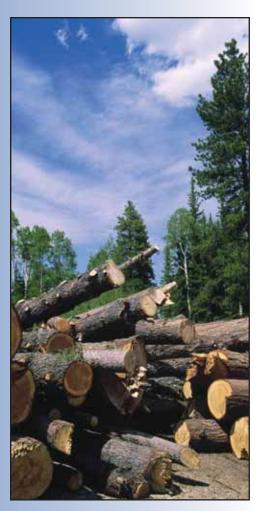


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## TIMBER TAX



#### **Industry Position**

The structural building components industry relies heavily on U.S. sources of lumber for manufacturing their products. However, the current U.S. tax code puts the U.S. timber industry at a distinct disadvantage against international competition. Our industry believes this situation poses significant negative consequences on us as customers, and ultimately on the American consumer of forest products.

SUPPORT: S. 402 (Lincoln, D-AR), H.R. 721 (Davis, D-AL), because they will improve competitiveness, help insure the future availability of wood fiber, encourage investment in forestry, and yield a more abundant supply of the materials that help build the American dream.

#### **U.S. Timber Vital**

- Our industry relies on American private landowners to supply a significant portion of the timber our industry uses in its structural components.
- American forests provide a great benefit to the environment—preventing soil erosion, cleansing streams and waterways, absorbing carbon dioxide from the atmosphere, and providing habitat for a wide range of species.
- Unfortunately, the U.S. forest products industry is facing significant overseas competition and increased risk of loss of jobs.

#### **Change Tax Policy**

- U.S. tax policy should provide an internationally competitive foundation for all industries.
- However, the U.S. corporate timber and forest products industry is subject to significantly higher income tax than their overseas competitors.
- A recent PriceWaterhouseCoopers study showed the U.S. domestic corporate forestry tax burden to be second highest compared with its seven major competitor nations—16 percentage points higher than the median of the other countries.

#### **Unintended Consequences**

 The structural building components industry believes internationally uncompetitive tax polices have the unintended consequence of raising the cost of timber and, therefore causing downstream products like our structural components to cost more.

#### TREE Act of 2007

- By reducing the cost disadvantage faced by timber growers here in the U.S., the Timber Revitalization and Economic Enhancement (TREE) Act of 2007 can help reverse the trend of decreasing U.S. competitiveness in the forest products industry.
- The TREE Act of 2007 provides a 60-percent deduction for qualified timber gain, modeled after legislation introduced in the 109th Congress (H.R. 3883, S. 1791), which results in a maximum tax rate on such gain of 14 percent for both individuals and corporations.

"The Legislative Conference is such a great experience, I look forward to coming back next year!"

–Joe Kannapell, MiTek Industries

## TORT REFORM

#### **Industry Position**

Product liability court cases are part of a growing litigation burden on America's small businesses. According to a 2003 study by the U.S. Chamber Institute for Legal Reform, small businesses bear 68 percent of business tort liability costs. Therefore, the structural building components industry supports passage of the Innocent Sellers Fairness Act.

**SUPPORT:** H.R. 989 (Boren, D-OK) because it holds sellers responsible in proportion to their wrongdoing, and frees sellers from liability who have done nothing wrong.

#### **Product Liability**

- · Current U.S. law imposes liability on manufacturers and sellers of products irrespective of responsibility or lack of wrongdoing.
- The Small Business Administration estimates that defending product liability lawsuits can cost anywhere from \$50,000-\$100,000, which force many defendants to pursue a settlement, regardless of the merits of a case.
- Product liability lawsuits are increasingly impacting building material dealers, an industry closely affiliated with the structural building components industry. A winter 2005 survey of dealers found that more than 1 in 4 has been the subject of product liability lawsuits within the past 5 years; 65 percent of those have been involved in more than one.

#### **Innocent Sellers Fairness Act**

- ISFA is necessary because current law imposes liability without wrongdoing by sellers, and exposes them to all of the damages allegedly suffered by a plaintiff, even though other defendants may have played a much greater role in causing
- According to the 2004 WTCA Financial Performance Survey, the sale of non-manufactured products, such as joists, beams, headers and related building materials, accounted for up to 10 percent of overall sales volume.

"I felt I made a good connection with the staff of my new Congressman, Rep. Tim Mahoney (R-FL), and I offered to help support them on immigration and construction issues in the district."

> -Bob Becht, Chambers Truss

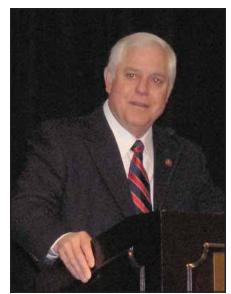
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# Conference Speakers

### ■ REPRESENTATIVE LINCOLN DAVIS



#### **Biography**

Lincoln Davis (D-TN) was sworn into office January 7, 2003, with a promise to work in a bi-partisan fashion for the betterment of his constituents. First elected Mayor of Byrdstown in 1978, Davis went on to serve two terms in the Tennessee House of Representatives. Then elected to the State Senate in 1996, his second term was cut short when elected to represent the 4th District in Congress. As a member of the U.S. House, Davis is working to create economic development opportunities, curb methamphetamine abuse, increase flexibility in veterans' benefits, implement homeland security safeguards, and fight for a balanced budget. As a member of the Blue Dog Democrats, Davis has been named to the Majority Whip team where he serves as a senior and regional whip. As a senior whip, a group of senior Members and Caucus opinion leaders, Davis plays key roles in developing strategies to ensure legislative success.

After he was elected to Congress, Lincoln Davis told his constituents, "When I vote on legislation, I vote on your behalf. As soon as I start voting as a member of a party, I am no longer voting for you, and so you should stop voting for me." You could tell almost immediately that Congressman Davis was a man who voted his conscience and more importantly his constituency's conscience, not the party line. As a leader in the Blue Dog Democrat caucus, Davis touted the fact some Democrats are friends of business and felt that a number of things could be accomplished in the Democratic-controlled Congress that could help lumber dealers and component manufacturers.

Davis insisted the estate tax needed to be permanently repealed, and indicated he felt there would be an opportunity to either succeed with a full repeal or, at least, reach a compromise to raise the cap on taxable inheritance. He also shared his perspective on health care, pointing out that Association Health Plans (AHPs) were a good solution to give employers more opportunities to find and provide affordable health care for their employees.

Finally, Davis talked about immigration reform. He used a straight-forward math example to prove his point: "There are 135 million Americans in the workforce today. The unemployment rate is 4.5 percent, meaning there are roughly six million people that could work but for various reasons aren't. According to various sources there are between 10-12 million illegal immigrants living and working in this country. If we deport them all, who is going to fill those jobs? There aren't enough Americans."

He concluded by telling his audience not to be timid in asking their lawmakers where they stand on issues important to their businesses.



Dwight Hikel (standing) greets fellow members during dinner at Smith & Wollensky's (I to r): Brian Johnson, Bruce Bain, Scott Ward, Dean DeHoog, Rick Cashman and Katrina Cashman.



#### **Blue Dog Democrats**

This name refers to a group of 44 conservative to moderate Democratic Party members of the United States House of Representatives. The Blue Dogs are a coalition of Democrats whose stated primary mission is to promote fiscally responsible budget reforms and account-

ability for taxpayer dollars. This coalition was formed in 1994 during the 104<sup>th</sup> Congress to give more conservative members from the Democratic Party a unified voice. The Democratic Party has become more supportive of Blue Dog candidates in recent times. This was especially true in the 2006 election, when Blue Dog candidates such as Heath Shuler (11<sup>th</sup> Congressional District, NC) and Brad Ellsworth (8<sup>th</sup> Congressional District, IN) were elected in conservative-leaning districts, upending years of Republican dominance in these districts.

The term is a reference to the "Blue Dog" paintings of Cajun artist George Rodrigue of Lafayette, LA. The original members of the coalition would regularly meet in the offices of Louisiana representatives Billy Tauzin and Jimmy Hayes, both of whom had Rodrigue's paintings on their walls. The term is also probably meant as an ironic counterpoint to the traditional "Yellow Dog" label, which is applied to Southern Democrats so loyal to the party that they would vote for a yellow dog before voting for a Republican.

## **Current members of the Blue Dog Democrat Caucus:**

- Mike Arcuri (NY)
- Joe Baca (CA)
- John Barrow (GA)
- Melissa Bean (IL)
- Menssa Bean (ii
- Marion Berry (AR)
- Sanford Bishop (GA)
- Dan Boren (OK)
- Leonard Boswell (IA)
- Allen Boyd (FL)
- Dennis Cardoza (CA)
- Ben Chandler (KY)
- Jim Cooper (TN)
- Jim Costa (CA)
- Bud Cramer (AL)
- Lincoln Davis (TN)
- Joe Donnelly (IN)
- Brad Ellsworth (IN)
- Kirsten Gillibrand (NY)
- Jane Harman (CA)
- Stephanie Herseth Sandlin (SD)
- Baron Hill (IN)

- Tim Holden (PA)
- Steve Israel (NY)
- Tim Mahoney (FL)
- Jim Marshall (GA)
- Jim Matheson (UT)
- Mike McIntyre (NC)
- Charlie Melancon (LA)
- Mike Michaud (ME)
- Dennis Moore (KS)
- Patrick Murphy (PA)
- Collin Peterson (MN)
- Earl Pomeroy (ND)
- Earl Politieroy (ND)
- Mike Ross (AR)John Salazar (CO)
- Loretta Sanchez (CA)
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### REPRESENTATIVE DAN BOREN

#### **Biography**

Inspired to politics as a youth, Dan Boren (D-OK) has built an impressive record for himself as a strong advocate for responsible government. Elected to the Oklahoma House of Representatives at age 29, Boren became one of the youngest state legislators to serve in 2002. Tapped for his leadership ability. Boren was selected by his Democratic colleagues to be Caucus Chairman—making him the first freshman state lawmaker to ever receive this honor. In 2004, Boren was elected to the U.S. House of Representatives from Oklahoma's 2nd Congressional District. Among other committees, Boren serves on the House Financial Services Committee, which has jurisdiction over the nation's banking, insurance, real estate, housing and securities sectors. Also an active member of the Congressional Blue Dogs Caucus, Boren works closely with his colleagues to curb unnecessary government spending and keep Congress fiscally responsible.



Congressman Boren is the sponsor of the Innocent Sellers Fairness Act (ISFA) in the U.S. House. He spent time talking to members about the importance of this legislation and gave his perspective on what being a Blue Dog Democrat meant to him. "The Democrats may now be in leadership, but my votes haven't changed," he started.

He began his speech by talking about how he has been awarded by a Washington-insider publication called "Roll Call" as the most independent voter in Congress, meaning he was the least likely member of Congress to vote with his political party. He then

shared that being a Blue Dog Democrat was about bringing partisan politics to an end and finding solutions to problems that incorporated ideas from both parties.

Boren then talked about the need for tort reform that would end unfair and egregious lawsuits against companies who simply sell a product and therefore should have no liability regarding the performance of that product. He said his goal was to educate his fellow members of Congress on the need to pass ISFA as soon as possible. He also briefly talked about a similar need to fully repeal the estate tax. "It's just morally wrong," said Boren. He encouraged lumber dealers and component manufacturers to talk to their lawmakers about how the estate tax was affecting their businesses and ask for their support of legislation to end it.



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### ■ REPRESENTATIVE PETER HOEKSTRA

Last October, Hoekstra's office called Dean DeHoog of Trussway, Ltd. in Sparta, MI, to accept an earlier invitation to take a tour of his production facility. "They said he was in town and wanted to come by the next day," remembers DeHoog. The short notice was a surprise, but ordinarily he would have done anything to accommodate his lawmaker. However, there was a bigger problem. "I was leaving for Houston to attend BCMC [Building Component Manufacturer's Conference] the next morning. I couldn't do it." he said.

The good news was that his lawmaker was willing and eager to try again. In January, DeHoog received a very similar phone call indicating Hoekstra wanted to come by and take a tour of the production facility. The call came in on a Friday, the tour was arranged for Monday. "I can understand the short notice, his district is huge," said DeHoog. How huge? 5, 508 square miles. He added, "it's quite a bit of ground to cover, so I really appreciated his willingness to take the time to visit our plant."

The tour was a success, and DeHoog and Hoekstra made a strong connection. That connection prompted Hoekstra to agree to be the conference's keynote speaker on Tuesday night at the Ruth's Chris Steak House. "Nothing much is going to happen in Congress this year," said Hoekstra. It was the beginning of a very candid and honest speech that covered everything from immigration reform and health care solutions to the war in Iraq and who might win the Republican and Democratic Party nominations for President.

With regard to immigration, Hoekstra said that it was possible Congress would pass reforms, but he felt it would not be a very good law. He felt reforms should be aimed first at securing the border, then establishing a working system that would help immigrants establish residency and legal work status, but not immediate citizenship. Being the only naturalized citizen in Congress, Hoekstra has a unique perspective on the value of the commitment it takes to become a U.S. citizen. He strongly felt there should not be amnesty, yet advocated a permanent work permit/visa approach, while allowing immigrants to work toward becoming U.S. citizens.

Hoekstra was less hopeful about finding solutions for providing more affordable health care. He pointed to the Army's Walter Reid Hospital as a prime example of how government-run health care is not a good solution.

Hoekstra concluded by talking about the Iraq war and what he termed the "war against radical Islam." He said he believed the U.S. was making progress in Iraq, and based on the extensive intelligence he has at his disposal that it is far better for enemy forces to attack where our trained soldiers are—in Iraq—and not attack innocent civilians on American soil.



Hoekstra and DeHoog during the Congressman's January tour of Trussway, Ltd. in Sparta, MI.



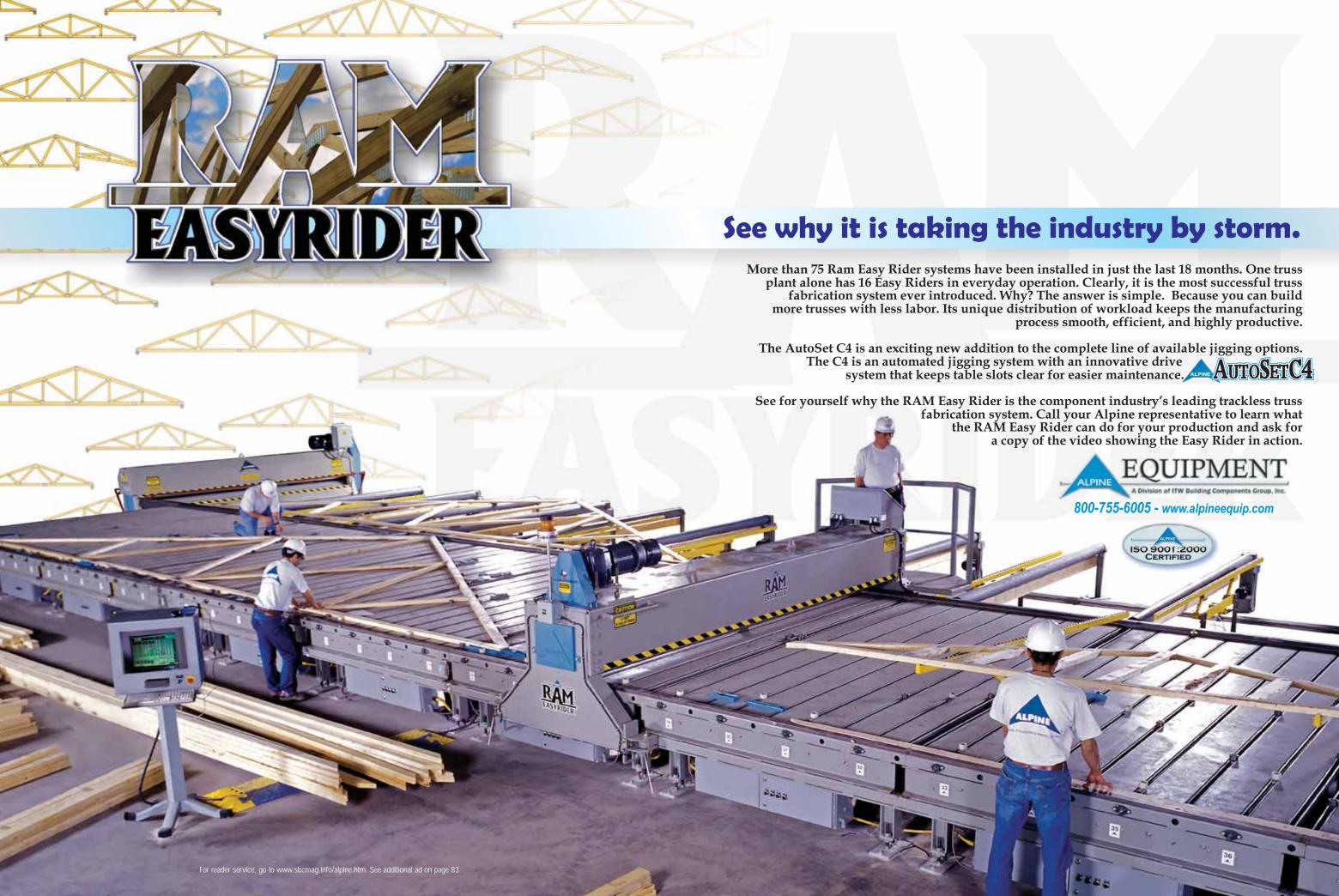
#### **Biography**

As one of the few former Fortune 500 business executives in Congress, Congressman Pete Hoekstra (R-MI) brings a unique blend of experience and perspective as he represents Michigan's 2<sup>nd</sup> Congressional District in Washington. Hoekstra was originally sworn in to the 103<sup>rd</sup> Congress in 1993. He then served a key role in the development of the Contract with America, which was instrumental in gaining a Republican majority in the U.S. House of Representatives for the first time in 40 years. Now serving as the top Republican on the House Permanent Select Committee on Intelligence, he leads Congressional oversight on issues relating to the U.S. Intelligence Community as the United States defends itself in the war on terrorism. Hoekstra also served as Chairman of the House Committee on Education and the Workforce Subcommittee on Oversight and Investigations in the 104th, 105th and 106th sessions of Congress.

"Thanks to WTCA staff for organizing this exceptional conference! We enjoyed all of the activities, especially sitting and talking to Rep. Hoekstra at Ruth's Chris Steakhouse."

–Rick Cashman,Florida Forest Products

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# Agency Visits

## ■ U.S. Citizenship & Immigration Service



Carlos Iturregui, Chief of Policy & Strategy

#### **THEME:** It's Now or Never

This is the third year in a row members of the structural building components industry have met with Carlos Iturregui, the Chief of Policy and Strategy at the U.S. Citizenship and Immigration Service (USCIS) to talk about immigration reform. By the end of the meeting, they felt a little like Goldilocks. In 2005, the issue was too cold, it wasn't a pressing enough matter for Congress to take up meaningful reforms. In 2006, the issue was too hot, there were protests in the streets and an important national election was coming up. Now, in 2007, the mood of Congress seems just right for something to make its way to the President for approval.

As part of the newly formed DHS, the USCIS mission is to "secure America's promise as a nation of immigrants by providing accurate and useful information to all those seeking to live in America; granting immigration and citizenship benefits, promoting an awareness and understanding of citizenship, and ensuring the integrity of our immigration system." Iturregui and his staff provide perspective to Congress and the Administration regarding long-term immigration policy, and analyze whether any proposed changes will have a positive or negative effect.

Iturregui warned that the 2006 election proved that immigration is a very emotional issue and with 2008 being a Presidential election year, 2007 is the best opportunity for reform to happen. If it doesn't, it is likely we will have to wait until 2009 or even 2010.

According to Iturregui, the House had begun introducing various pieces of legislation intent on reforming the immigration system, but none of them had widespread support yet. He also said that the Senate was looking at introducing a bill very similar to the comprehensive bill they passed last year, and would introduce it in early summer. However, Iturregui warned that the 2006 election proved that immigration is a very emotional issue and with 2008 being a Presidential election year, 2007 is the best opportunity for reform to happen. If it doesn't, it is likely we will have to wait until 2009 or even 2010.

He also shared that in the effort to provide employers more tools to hire legal employees, USCIS was expanding their Electronic Employment Verification System (EEVS), an online system that would allow employers to compare an applicant's documentation against federal databases. This would allow virtually instant feedback on whether or not an employer can legally hire the individual. The real question the government is currently debating is whether participation in the EEVS system should be mandatory. Regardless of what they decide, Iturregui assured the group that it would not be retroactive and would only apply to future hires.

Finally, Iturregui talked about efforts both within Congress and USCIS to potentially revamp or eliminate the current I-9 Form.



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## Dept. of Labor, Employee Benefits Security Admin.

Bradford Campbell, Office of the Assistant Secretary

#### THEME: Can't Do Much Without New Laws

As the cost of health care increases, and the price of health insurance rises with it, the need to find alternatives is becoming desperate. "Unfortunately, there isn't much more we can do at this point without new laws," said Acting Assistant Secretary



(I to r) Bradford Campbell (DOL), Kirk Grundahl (WTCA Staff, Tom Alexander (Space Coast Truss Inc.), Sean Shields (WTCA Staff) and Kent Pagel (WTCA Legal Counsel).

Bradford Campbell. He said Congress is currently divided on how best to address the issue of health care, whether to first reign in the rising costs or provide additional tools to employers to find more affordable insurance coverage. Congress, thus far, has been more active on the later, proposing both Association Health Plans (AHPs) and Health Savings Accounts (HSAs).

The Congressional Budget Office (CBO) has estimated that small businesses obtaining insurance through AHPs should experience average premium reductions of up to 25 percent, because they enable small businesses to take advantage of the same regulatory status, purchasing clout, economies of scale and administrative efficiencies that many large corporations currently utilize.

Bradford shared how successful the HSA program has been thus far. Three years after their creation, 4.5 million individuals utilize HSAs, and over one million of them are used by people who previously did not have insurance. He felt that one of the most successful aspects of the HSAs were that they were not bound by the rules of Employee Retirement Income Security Act (ERISA), and therefore allowed government to get out of the way and allow people to make good choices about their health care.

Bradford also revealed that Senators Enzi, Lincoln and Durbin were currently in negotiation to introduce a bill that would allow AHPs that would be structured much like the bill our industry supported last year introduced by Senator Enzi.

"Attending this year's Legislative Conference was a very positive experience for me. It was my first opportunity to participate and I was not sure what to expect. However, WTCA staff made it easy for us by providing excellent training and solid position statements and by setting up our appointments with legislators. Our representatives work for us and need to hear from us about what we are expecting of them on a wide variety of issues.... By discussing issues with our lawmakers through a united building components industry focus we have strength in numbers. When you look at the size of the building components industry and the number of jobs and payroll represented, it gets the attention of our lawmakers. This is another example of the real strength of an association. I plan on attending again next year and hope we will have many more industry folks participate." —Steve Cabler, MiTek Industries, Inc.



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## Dept. of Transportation, Federal Motor Carrier Safety Admin.

#### **THEME:** Stay Informed!

Rick Parrino (Plum Building Systems) and WTCA staff met with senior analysts at the Federal Motor Carrier Safety Administration (FMCSA) to discuss a wide variety of issues facing the industry, from load securement to driver training standards and hours-of-service requirements. Primarily, they discovered there is an extensive amount of educational information on these topics on the FMCSA website.



(I to r) David MancI (FMCSA), Rick Parrino (Plum Building Systems), Michael Huntley (FMCSA) and Thomas Yager (FMCSA).

FMCSA was established as a separate administration within the U.S. Department of Transportation on January 1, 2000, under to the Motor Carrier Safety Improvement Act of 1999. Their primary mission is to reduce crashes, injuries, and fatalities involving large trucks and buses. As part of that mission, FMCSA is responsible for developing rules and regulations as they pertain to the safe operation of commercial motor vehicles. In particular, they issue rules affecting load securement and positioning, hours of service regulations that govern drivers' work limits, and standards for Commercial Drivers Licenses (CDL).

FMCSA is currently trying to harmonize U.S. load securement standards with those in Canada. They encouraged WTCA to participate in the process during an upcoming meeting of interested parties in Pittsburgh late in September.

The agency also has a wide range of information on their hours of service (HOS) rules. In general, due to the nature of delivery in the structural building components industry, HOS requirements do not have a significant impact. However, if a component manufacturer delivers across state lines or a single delivery goes outside of a 100-mile radius of the production facility, HOS standards require certain driver log book entries. WTCA will be addressing load securement, HOS stipulations and much

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more in the creation of its Driver Training & Transportation Manager Certification program.

Finally, FMCSA staff let us know they will shortly be considering a new rule on training requirements for new CDL applicants. Apparently, the agency recently lost a lawsuit in a federal appeals court and now must require a more comprehensive training program for new drivers. WTCA will look closely at this proposed rule once it is issued to ensure it does not negatively impact component manufacturers operations and our training program addresses any changes in their requirements.



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### ■ U.S. Trade Representative

Everett Eissenstat, Assistant Trade Representative of the Americas

#### THEME: Don't Be Discouraged

As an Assistant Trade Representative of the Americas in the Office of the U.S. Trade Representative (USTR), Everett Eissenstat is responsible for all trade policy for North, Central and South America. He is an exceptionally valuable friend of the industry, particularly with regard to his knowledge and insight into the softwood lumber agreement currently in place between the U.S. and Canada.

USTR is responsible for developing and coordinating U.S. international trade, commodity, and direct investment policy, and overseeing negotiations with other countries. The USTR is part of the Executive Office of the President. They also meet with governments, business groups, legislators and public interest groups to gather input on trade issues and explain the President's trade policy positions.

When a small group of members met with Eissenstat this year, they found him hard at work trying to build support in Congress for three free trade agreements (FTA) with Latin American nations. Fortunately, he was more than willing to take a few moments to talk about the softwood lumber agreement and U.S. trade policy in general.

The current softwood lumber agreement is a 7-year agreement, with an additional 2-year extension option. Eissenstat shared that the agreement was intended to provide peace and stability to a dispute that has lasted well over a century, but that peace was already in jeopardy. The group was told that the U.S. was concerned with some of the ongoing practices of the Canadian Provincial Governments, particularly in British Columbia and Ontario. There was hope, however, that the new dispute resolution method allowed by the agreement would be successful at addressing those concerns.

Members also discussed U.S. trade policy in more general terms. They shared how an unfortunate aspect of current U.S. trade policy is, in the two cases that affect the structural building components industry — steel and lumber — countervailing (CVD) and anti-dumping duties (AD) were imposed with no consideration of the adverse impact on them as consumers or on the overall housing market of which they are a part.

Further, they shared with Eissenstat their belief that Congress should enhance current U.S. trade law to require an analysis of the total impact of any trade decision on the overall economy. In particular, an analysis should always be performed that addresses "downstream" market impact and does its best to predict and resolve unintended consequences.

Everett commended our industry for advocating on behalf of consuming industries, and he encouraged the group not to get discouraged. He felt we had a valid point, but that it would take time and continued grassroots efforts to build awareness and support within Congress to try to change the current U.S. trade policy. He also encouraged WTCA to work contact the U.S. Department of Commerce, who could be a strong potential ally going forward.

Finally, he again encouraged the industry to continue doing what we have been doing, as WTCA is viewed as a credible source of information on our industry. Our member involvement through truss plant tours and in-district meetings, was well as the SBC Legislative Conference, sets us apart. We thanked Everett for his kind comments and continued encouragement as he has had a great deal of influence on what we do and how we do it. SBC



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