

# Hearth Insight

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## News & Views of the Northwest Hearth, Patio and Barbecue Association – August 2009

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### What the NWHPBA Has Done For You Lately In Washington State

- Successfully implemented the \$1.5 million in Washington State change-out programs in 2008-2009
- Successfully utilized all of the change-out funding available to change out 812+ hearth products
- Successfully maintained a very positive working relationship with local air quality agencies and the WA Department of Ecology air program
- Successfully implemented a revised two-stage burn ban to comply with new federal PM 2.5 standard
- Successfully reducing the PM 2.5 levels in areas with active change-out programs
- Successfully secured new funding for a *\$1.35 million for change-out programs 2009-2011 in Washington State*
- Successfully secured new funding for a *\$240,000 wood stove education program in Washington State*
- Successful legislation providing an option for non-attainment areas to prohibit the use of non-certified wood stoves, if adequate funding for low-income change-out program
- No HVAC licensing/certification legislation
- Friendly revisions to real estate disclosures regarding wood heating appliances

### What the NWHPBA Has Done For You Lately In Montana

- Has stopped bad proposals through the outstanding volunteer efforts of NWHPBA Board Member Guy Hanson of The Axmen, a stove retail store in Missoula
- Getting positive consideration of good proposals through outstanding volunteer efforts

### What the NWHPBA Has Done For You Lately In Alaska

- Staying on top of the issues in the North Star Borough and Fairbanks through NWHPBA Board Member Nathan Sapp of The Woodway, a stove retail store in Fairbanks
- Participated in a Fairbanks Air Quality Symposium on July, 2009 to effectively represent the interests of the wood heat industry
- Ongoing efforts to represent the wood heat industry in Alaska

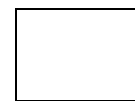
## THANK YOU PAC Contributors!

- Associated Energy Systems
- Blaze King Industries
- FPI US, Inc.
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- Lloyd F. Pugh & Associates
- Travis Industries
- Tri State Distributor

The PAC (Political Action Committee) was formed to raise money to help elect and re-elect those candidates and incumbents who support our industry and to strengthen our grassroots political program.

With your contributions we were able to donate to 82 candidates campaigns.

Thank you again PAC Contributors!



### HELP!!!

We need your help!  
NWHPBA needs to know your Email address! To keep you better informed in the most cost effective and timely way, we want to send information and the Hearth Insight to you electronically. Please send us your name and company information and email address – we can send emails to multiple people in your company. If you cannot receive emails, please give us your fax number.

THANK YOU!

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## PRESIDENT'S MESSAGE

Just as you give value to your customers that purchase products from your companies, your membership in the NWHPBA provides exceptional value to your business. Your dues go to support a variety of programs, not only here in our region; but on a national level as well.

Value for Members:

**Stove Change Out Program:** Over the past three years, the State of Washington has funded stove change out programs to the tune of \$2,500,000. This was made available to clean air agencies in the Puget Sound area, Yakima, Spokane, and Vancouver. This came about by the tireless efforts of the Government Affairs Committee and the skillful guidance of the NWHPBA'S legislative consultant, Gary Smith.

**HVAC Legislation:** For three legislative sessions the NWHPBA has defeated the efforts of some of the state's most powerful labor unions who wanted to regulate what products we could install. It would have cost you \$1000s of dollars to train your installers to do things they never do in their jobs. This effort required hiring another lobbyist, Carolyn Logue, to assist us and Gary Smith. We have had similar issues and results in City Halls, County Councils, and State Houses in Idaho, Montana and currently in Alaska.

**Legislative Training:** The NWHPA has sent seven members to the national Government Affairs Academy and five members to the Seattle Lobbyists School for training on how to be effective when speaking to legislators, the media, and agencies.

**PAC:** \$16,500 was raised during the last legislative session through contributions from manufacturers and distributors for furthering our legislative goals. The NWHPBA is very thankful for the generosity of many individuals. This allowed us to be politically active without having to ask for further money from membership. (see article)

**National Programs:** Members from NWHPBA in conjunction with HPBA were instrumental in getting our industry included in the national tax credit bill, and passed; but not yet funded national stove change out program.

**On-Going Education:** Your membership in NWHPBA gives you access to on going training for you and your staff through the Hearth Education Foundation and N.F.I.

**Other Benefits:** You can participate in the SOLVERAS credit card program, the health insurance program and the liability insurance program.

I hope that I have created a value for your membership other than getting free admission to the trade show.

I invite each and every member not only to continue your support with your dues, but to become involved with NWHPBA. Please attend a board meeting to find out about what you can do or bring ideas on what we can do for you.

I can be reached at [craftstoveswash@comcast.net](mailto:craftstoveswash@comcast.net) for any questions, concerns or questions you may have about your industry.

Rudy Kerkvliet

NWHPBA President

## GET UP TO A \$1500 FEDERAL TAX CREDIT ON QUALIFYING HEARTH PRODUCTS!!

On February 17, 2009, President Obama signed into law, H.R.1, the American Recovery and Reinvestment Act (ARRA). Members of the Hearth, Patio & Barbecue Association (HPBA) and the Pellet Fuels Institute (PFI) succeeded in getting included in that critical legislation a **tax credit** for the purchase of a biomass-burning (wood or pellet) stove to help consumers fight the rising home heating costs. The tax credit is a 30% tax credit of up to \$1500 total over a two year period (2009 and 2010) for those taxpayers who make energy-conscious purchases to improve the energy efficiency of their home including a 75% efficient biomass-burning appliance.

### TAX CREDIT QUESTIONS & ANSWERS

**Q. What is a federal consumer tax credit?**

**A.** Consumers claim the credit (of up to \$1500) on their federal income tax form at the end of the year (of stove purchase). The tax credit is a reduction of the total income tax at the bottom of your return – it will dollar-for-dollar increase your refund or reduce the amount you owe.

**Q. When does this tax credit go into effect and how long will it last?**

**A.** The tax credit went into effect January 1, 2009, and is valid only for the purchase of a qualifying biomass stove during 2009 and 2010. The maximum tax credit for the two-year period is \$1500. The sales receipt must indicate that the purchase was made between January 1, 2009, and December 31, 2010. The tax credit must be taken on the return for the year the stove was purchased.

**Q. What are the tax credit guidelines for the qualifying units and who determined them?**

**A.** The Department of the Treasury, and specifically, the IRS determined the guidelines. All biomass-burning (wood or pellet burning) appliances that meet the 75% efficiency rating have the qualifying documentation from the manufacturer meet the criteria.

**Q. Are the installation costs, venting (chimney), and/or hearth pads covered in the tax credit?**

**A.** Yes, as long as they are required for the proper and safe operation of the stove.

**Q. Are biomass-burning stoves installed in new homes, vacation homes, or rental homes included?**

**A.** NO. The IRS is very clear that this credit only applies to existing principal residences.

**Q. If a consumer purchases other products, such as solar collectors or window upgrades, does this mean a biomass stove tax credit can't be taken?**

**A.** The tax credit is an aggregate, meaning the 2-year \$1500 total credit can be used for items other than biomass stoves, such as windows and doors, HVAC and non-solar water heater upgrades, and roof upgrades, all of which are in the same tax credit category as biomass stoves. The tax credit for all of these upgrades is capped at \$1500 for the two year period.

**Q. What do the retailer and manufacturer need to provide and the customer retain for tax purposes?**

**A.** Retailers should provide the customer with a manufacturer's certification statement that satisfies the requirements of the IRS Guidance, and with a sales receipt showing what was purchased (specifically showing the appliance and model). Manufacturers should also make this certification document available to consumers on the web, in product packaging, or in some other easily accessible manner. The consumer is to keep this documentation should it be needed (it does not need to be attached to the income tax return).

*ALL CUSTOMERS SHOULD CONSULT THEIR*

# ACCOUNTANT OR TAX ADVISOR FOR FURTHER INFORMATION

## Government Affairs Report

Our beloved hearth industry faces some important issues in the coming months that we must all get involved in. Our industry is only as strong as what we, the people in this industry, do to protect our future. That, ladies and gentlemen is a fact! No one is going to come to the rescue of our industry if we don't do what we need to do to protect our industry long term.

Our industry has successfully weathered many huge challenges in the past simply because all of us got involved to protect our industry. In the late 1980's there were efforts in the Puget Sound area to simply ban the use of all wood stoves. The people in this industry mounted a campaign to defeat that effort and turned the potential ban into one of the greatest success stories in the nation. Instead of a ban on our industry's products, we now have outstanding cooperation by state and local government agencies to use our products to improve air quality. That's the kind of success we can have if we ALL in this industry work hard, work smart and follow the lead of our consultants. It has worked successfully many times in the past and it will work for all of us again if we all do our parts to make it work.

So what kinds of challenges do we face?

- We face a number of non-attainment areas in our NWHPBA Region that includes Washington, Idaho, Montana and Alaska. Hearth products are always one of the first emission sources that regulators in non-attainment areas focus on. We must work hard to protect our future in these areas by offering products that solve the non-attainment problems and offer good constructive policies that will also solve the non-attainment problems. Otherwise, we will face far more restrictions on our industry in these areas in the future.
- Will the funding for local change-out programs remain in place as almost every level of government finds itself in a serious cash-crunch during this challenging economic period? Taking the funds from change-out programs to fund other government programs is a very real possibility unless we – ALL of us in this industry – fight to keep those funds for change-out programs. This battle will begin early this fall. What each of us does will be critical to whether these funds remain in place for change-out programs or are re-allocated to fund other government programs.
- Several local areas in the NWHPBA region are in the process of developing proposed new laws on restricting the use of hearth products, new burn ban laws, and other related restrictions affecting our industry and our customers. WE – all of us in the industry – must work hard and support the NWHPBA in its efforts to make these laws work for the hearth industry, not against the industry.
- In Washington State, there remains the effort to require the licensing of HVAC firms and certification of HVAC workers. Will these requirements apply to our industry? That's a question we must work hard to address. Our industry is not the same as the HVAC industry and there is no reason for us to be under such a licensing and workers certification program. But we will have to start work this fall to lay the groundwork we need to protect our industry from this type of regulation

So, what does, "get involved" and "do our part" mean?

First, it means you need to know who your local and state officials are that regulate our industry. These are the people who will decide your future in this industry. These are the people who need to hear from you. So, if you don't know the people who are on your local city council, your county council, and your state legislators, you need to find out soon. You can find most of this information on the Internet simply by searching for the name of your city following by "city council." Once you find out who they are, you need to find out their mailing addresses, phone number and e-mail addresses. Next, do the same for your county. Now, do the same for your state legislators. NWHPBA has put up a special Internet webpage to help you identify who your legislators are. Go on the Internet to [www.nwhpba.org/findmylegislators](http://www.nwhpba.org/findmylegislators)

Next, you MUST stay informed on the latest in your state, county and city. The NWHPBA is your best source of this type of information. The NWHPBA has a proven track record of knowing what is happening that affects this industry. The national HPBA is a great help in this regard also. You need to know what is going on that affects our industry so you are prepared to act when asked to act. The NWHPBA and the HPBA have very talented and successful consultants advising us on how to effectively deal with the many challenges our industry will face in the coming months. You must stay tuned to the NWHPBA for this information so you can act at the right time and in the right way to maximize our chances to succeed.

Finally, you MUST take action when you are asked to take action. It may be calls or letters to your legislators or calls to your city council members. It usually will require you to get others to call or write. This is critical. For our industry to succeed with the challenges that face us, we must get calls and letters from as many people as possible when necessary. So, getting your family members, your employees, our employees' family members, and your customers to call or write, whatever is needed for the specific situation, is critical. The numbers of calls or letters is critical to demonstrate to your lawmakers the political significance of this issue. If they receive lots of call or letters, it makes your lawmaker far more receptive to what the industry is asking for. If your lawmakers get few or no calls or

letters on an issue affecting our industry, the chances for our success are greatly reduced. That is why it is so important for you to stay informed and to act when asked to act. The NWHPBA provides sample telephone scripts and sample letters. It is very important to use the sample letters as a guide, but to write your letter in your own words so your lawmakers are not receiving identical letters from many different people.

If you have any questions on government affairs issues, need to report an upcoming issue, or want to know how to help contact Edward Hosack 425-327-7028.

## Montana Moment

The government will soon be voting on the revised air pollution control bill in Missoula. It's probably a given, after modifications they have made, that it would allow a wider variety of EPA products but eliminate all non-EPA installations in the county.

Ravalli County will get ten air quality meters (BAMS) to monitor PM 2.5 throughout the county and maybe answer the age old question of who is polluting who in Montana's war of the mountain valleys. They are in the process of creating a local air authority with jurisdiction over Ravalli County. Elsewhere only the weather controls the PM 2.5 levels, and non-attainment may come to some areas (and so may Peace on Earth and Santa Claus). It's unclear which will come first.

The tax credits for biomass "rock" in Montana with \$1000 per couple (\$500 for 1/2 couple) adding to the federal credits to create a potential instant profit to buyers. A \$1000 purchase would create a \$1000 state credit and a \$333.00 federal credit. What a deal!

Guy Hanson, NWHPBA Montana Director

## Things Continue to Heat Up in the "Golden Heart of Alaska"

Not only have there been a lot of forest fires in the area bringing in smoke and ash, there has also been a lot of flare ups on the political scene. There was an "An Ordinance Regarding Hydronic Heaters..." that involved a 4 hour City Council meeting on May 18<sup>th</sup> which ended up with the ordinance essentially being tabled.

There was also an "Air Quality Symposium" put on by the North Star Borough (Fairbanks) that included everyone from the Borough Mayor, to presenters from the EPA, DEC, Sierra Research, the National Weather Service, and our own John Crouch. Tom Pugh was also able to attend after he and John spent some time down in Anchorage hosting a class to local hearth dealers. John was able to secure a burning Outdoor Pellet Hydronic Heater that not only impressed, but informed, local officials on how clean biomass could be burned.

A Borough meeting was held the same week where over 100 residents showed up for almost 6 hours to protest a memorandum signing that would give the Borough the power to address the PM 2.5 issue rather than the State. Residents fear the government is planning to take away their rights and their stoves, and are quite passionate about keeping their liberties. It will be a challenging road ahead, but the NWHPBA is positioned to be able to assist where needed.

Nathan Sapp, NWHPBA Alaska Director

### WHY NWHPBA ?!?!?

Your Membership in the Northwest Hearth, Patio & Barbecue Association (NWHPBA) includes:  
Membership in Hearth, Patio & Barbecue Association (HPBA)

Admission to HPBEXPO (Trade Show)

Exclusive Member Benefits such as:  
business liability insurance, discounts on bank card processing, delivery services, communications technologies programs, rental cars, office supplies.

Legislative Advocacy and Updates, Information on

the Industry, Educational Opportunities and Networking at the local, state, and/or regional levels

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### WELCOME NEW MEMBERS

Big Sky Stove & Hearth ~ Lewistown, MT  
Cascade Specialty Products ~ Seattle, WA  
Downright Cozy ~ Tacoma, WA



Fairway Comfort Systems, Inc. ~ Great Falls, MT  
Montana Energy Alliance ~ Dillon, MT  
PPS Brite Gas ~ Soda Springs, ID  
The Fireplace Center Inc. ~ Billings, MT  
Tri County Stove & Spa ~ Colville, WA  
VBS Heating Products LLC ~ Homer, AK

If you know of someone who would like to become a member of NWHPBA, please have them contact us at (509) 474-1403 or [nwhpba@comcast.net](mailto:nwhpba@comcast.net).



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## Hearth Insight

is published for the members of the Northwest Hearth, Patio & Barbecue Association. Submission of articles is encouraged and welcome.

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