

**Additional Comments  
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**On HB 87 (and it's companion bill SB 32) - Timber Sales on State Forests**

Hello Chairperson and Committee Members,

First, I perceive this bill as largely intended to benefit two timber companies, Viking Lumber and Alcan which both operate in Southeast. Viking operates out of Klawock on Prince of Wales Island. Alcan does not have a mill in Southeast and is mostly an "in the round" timber exporter. Alcan has offices in Ketchikan, Terrace BC, and Aberdeen WA and their parent company is TransPac.:

<http://www.grouptranspac.com/web2/page/forestry.htm>

**Viking Lumber Employment Figures**

Last week Kirk Dahlstrom of Viking Lumber asserted during the Alaska State House Resources Committee hearing that, "*We employ about 140 people year 'round.*" I doubt, on the basis of his 2010 declaration in the Tongass NF Logjam timber sale litigation<sup>1</sup>, that he employs nearly that many on the full-time year 'round basis he implied. Of 130 workers he cited then, Viking had only 35 year 'round jobs at the sawmill. The other jobs in logging, trucking and barging are, it would seem, <sup>at least</sup> season or occasional. For example, logging usually stops during winter; the 30 longshoremen who load Viking product work only for 3-4 day periods several times per year; and the Boyer Towing barge crew likely was not continually working for Viking.

**Long Term Contracts and Small Operators**

The two fellows from Tok who testified that the bill would hurt their businesses have valid concerns. This includes the fast track nature of the bill which they and their peers just recently became aware of. They also questioned why, in Governor Walker's new era of transparency, the rush to push through what they termed "monumental" legislation, when the potential impacts are substantial and have not been thoroughly vetted.

Smaller operators' concerns about competition with bigger companies are also a valid concern. In Southeast, it is likely that much of the volume will get scooped-up in large 25-year contracts, and when the cut interferes with sustained yield requirements, either through volume limitations

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<sup>1</sup> Available on request

or impacts to other multiple uses, the small operators will get the short shrift. This was exactly the situation during the former long-term contracts heyday of yesteryear in Southeast and prompted the now infamous 1983 Reid Brothers lawsuit that resulted in a district court's award of \$1,489,881 to the Reids:

<http://openjurist.org/699/f2d/1292/reid-brothers-logging-company-v-ketchikan-pulp-company>

The 25-year contracts the bills would authorize would repeat the horrible mistake of the similar long-term pulp mill contracts in Southeast. The problems these 50-year contracts created could not be foretold at the time they were put in place, and the environmental damage and social strife they caused still resound through the region decades later. HB87/SB32 would repeat the mistake of making a monumental decision that can't be reversed.

### **Allowable Cut**

State Forester Chris Maisch testified during the Alaska State House Resources Committee hearing that, *"Just to remind you, the problem in Southeast Alaska is the section that currently requires us to have an excess allowable cut and in Southeast after the next two years we will no longer have that excess allowable cut..."*

His wording was obtuse, but I think the "section" he refers to is the sustained yield mandate:

*"Sec. 41.17.220. Management of state forests. Land within a state forest or within a unit of a state forest shall be managed under (1) the sustained yield principle;"*

The prohibition on exceeding the allowable cut (sustained yield principle) is managed on a 10-year period. If some years are less than the allowable average, other years can exceed (the "excess") the allowable average so it balances out for the period. If I recall correctly, Governor Parnell allowed DNR to borrow timber from the future from within the 10-year period, and now they are in a bind.

Also, according to,

*AS 38.04.910: (12) "sustained yield" means the achievement and maintenance in perpetuity of a high level annual or regular periodic output of the various renewable resources of the state land consistent with multiple use;"*

### **Timber Export**

Finally, I could find no export prohibition under the "118 authority" (Sec. 38.05.118.) for negotiated sales. Perhaps that exists elsewhere, but I could not locate it. In the absence of a prohibition, when the smaller operators are unable to handle larger volumes (an inevitable

situation), the "negotiated" purchaser will export as much as possible. In reality, it will essentially be "business as usual" with the added benefit to the negotiated purchaser of having a guaranteed 25 year, corner on the market.

I respectfully request that your Committee to not allow this flawed bill to advance for all the reasons I cited in my previous testimony as well as the above.

Thank you,

*Rebecca Knight*

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