



February 24, 2015

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault:

Southeast Conference supports HB87 and SB32, "An Act relating to the sale of timber on state land". These bills would amend AS 38.05.110 and 38.05.118 to expand the authority of the Commissioner of Natural Resources to negotiate the sale of timber at appraised value.

Southeast Conference is a regional, membership based nonprofit corporation that advances the collective interest of the people, communities and businesses in Southeast Alaska. Members include municipalities, native corporations and village councils, regional and local businesses, civic organizations and individuals throughout the region. Our goal is to support policies that promote strong economies, healthy communities, and a quality environment for Southeast Alaska. We are the State-designated Alaska Regional Development Organization (ARDOR) and the federally-designated Economic Development District (EDD) for Southeast Alaska. Each of these designations requires Southeast Conference to take an active role in regional resource management and economic development planning.

The proposed bill would provide larger negotiated timber sales for more areas of the state, in addition to sales to local manufacturers of wood products, sales may also be negotiated with users of wood fiber. This change clarifies that negotiated sales may be used to support wood energy production as well as traditional products. In addition, the bill would eliminate the current limitations that negotiated timber sales be based on a finding that in the area of the sale there is a high level of unemployment, an underutilized manufacturing capacity, and an underutilized supply of timber that will lose value if not cut. The requirement that all three conditions be met substantially limits the Commissioner of Natural Resources' authority and flexibility to approve negotiated sales that would be in the best interest of the State.

Competitively bid timber sales are the preferred sale method under most conditions. However, negotiated sales provide the ability to tailor some sales to the needs of local processors in areas that lack competitive interest or where there is competition from round log export markets in a region with a constrained timber supply. The latter situation exists in Southern Southeast



Alaska where the State of Alaska is a small landowner compared to the Tongass National Forest, and the State of Alaska's full allowable cut is a critical source of logs for the remaining sawmills.

The provisions in the bill would enable the Commissioner of Natural Resources to better respond to the economic and geographic realities of the forest products sector in our state's economy. All timber sales, including negotiated sales, must comply with the constitutional requirement to manage State timber for sustained yield.

We urge prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script that reads "Shelly Wright".

Shelly Wright
Executive Director