

SB 85:

Forest Land Use Plans, Negotiated Timber Sales

Senate Finance Committee

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Overview of Presentation

- I. SE Alaska timber industry is struggling to survive
- II. How to protect timber jobs?
 - 1. Change negotiated timber sale statutes to allow local industry to sell all the timber it harvests, as export if needed.
 - 2. Provide contractual certainty: stable and predictable supply of timber once a timber sale has been purchased.
- III. Sectional Analysis





The timber industry in Southeast Alaska is struggling to survive

A dwindling supply of timber from the US Forest Service has gutted the timber industry in Southeast Alaska.

SE Alaska supports only 325 timber industry jobs today, compared to 4,000 jobs in the 1990s. Now, even those jobs are in danger.

Negotiated & competitive timber sales

- Negotiated sales: DOF may choose a timber purchaser not only based on the price, but also on the **number of local jobs** the sale provides. Negotiated sales currently may not be exported as round logs.
- Competitive sales: the highest auction bidder wins. Timber from competitive sales may be exported.



How can we provide and protect jobs?

Step 1. Change negotiated timber sale statutes to allow local industry to sell all the timber it harvests, as export if needed.

Currently, negotiated timber sales must be sold for local manufacture, not export.

- A changing timber supply (more young growth) means that some sizes of timber are not marketable in Alaska.
- Demand for certain species (e.g., hemlock) is only overseas or in the Pacific Northwest.





How can we provide and protect jobs?

Step 2. Once a timber sale has been purchased, provide a stable and predictable supply of timber to the operator by providing contractual certainty.

Stable Timber Supply

An appeal can halt harvesting, which can be disastrous to a logging company.

SB 85 ensures that once the decision has been made to sell the timber, no further administrative appeals can occur.

Input would still be gathered from public and agencies.



Steps in a Timber Sale

Public and agency comment gathered at each step.

1. Area Plans* & State Forest Plans*
2. Five-Year Schedule of Timber Sales
3. Best Interest Finding*
4. Forest Land Use Plans*

**Subject to appeal.*



Safeguards on timber harvests

Timber harvests must adhere to the Alaska Forest Resources and Practices Act (FRPA, AS 41.17), which:

- protects fish habitat and water quality, and
- ensures prompt reforestation.



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community



SB 85 has a zero fiscal note.



Sectional Analysis



Section 1

Amends AS 38.05.035(e)(6)(A) to maintain the exemption of sales of 500,000 board feet of timber or less from a written Best Interest Finding requirement.

Section 2

- Expands from 10 acres to 20 acres the size of timber harvests exempt from needing a Forest Land Use Plan.
- Requires a Forest Land Use Plan to be adopted before harvest.
- Allows a single Forest Land Use Plan to authorize timber harvest for multiple harvest units in a timber sale contract.
- Allows DNR to award a timber sale contract before adopting a Forest Land Use Plan.





Sections 3 & 4

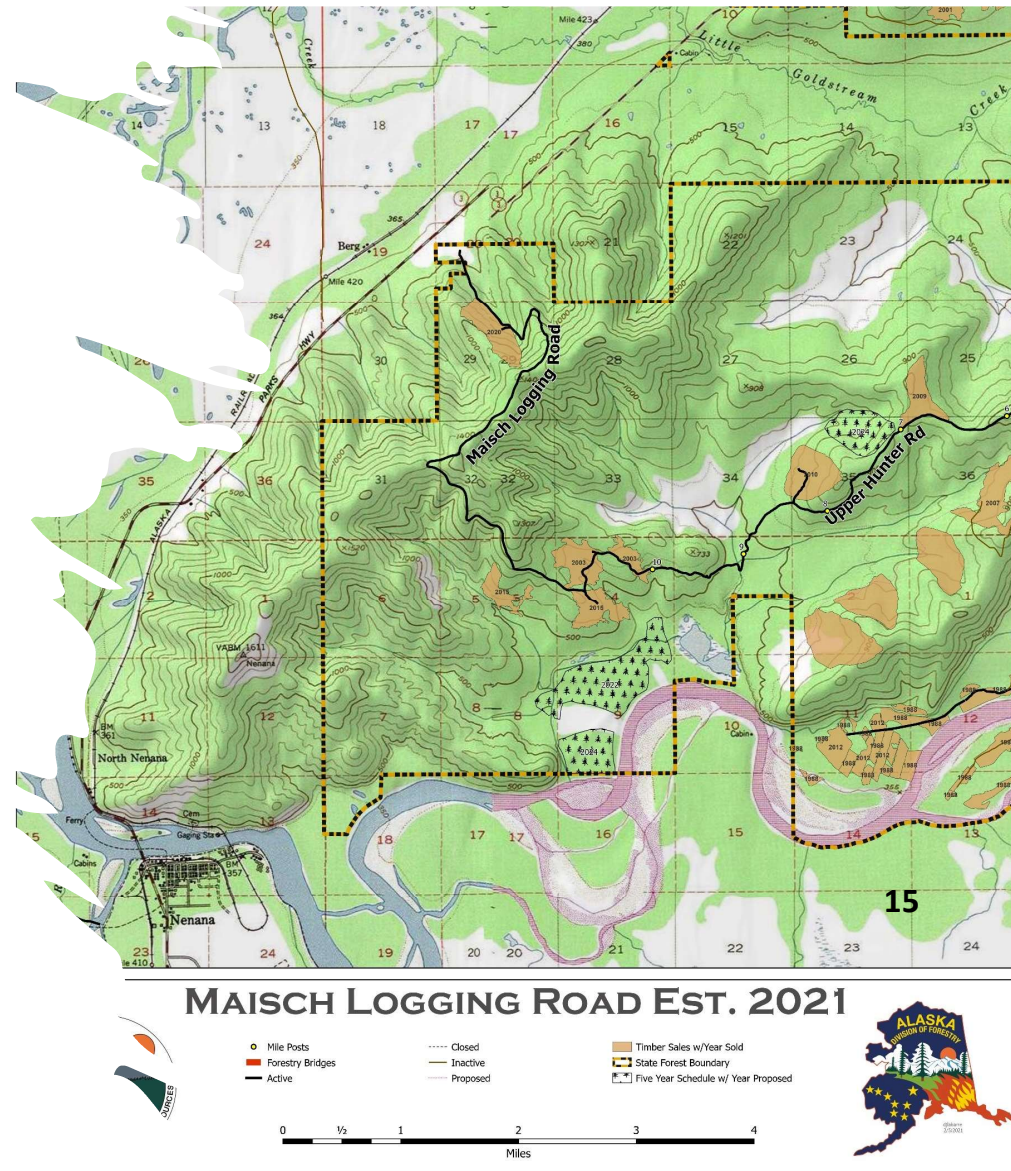
Section 3 – Forest Land Use Plans may not be appealed.

Section 4 – Removes negotiated timber sales from AS 38.05.115; moved to AS 38.05.118 (see Section 7 and 8).

Section 5

Adds new subsection to AS 38.05.115(d) requiring best interest findings to consider whether the timber sale buyer will:

- hire Alaska residents,
- contract with Alaskan businesses,
- use or establish Alaskan hiring facilities, job centers, or internet job systems.



Section 6

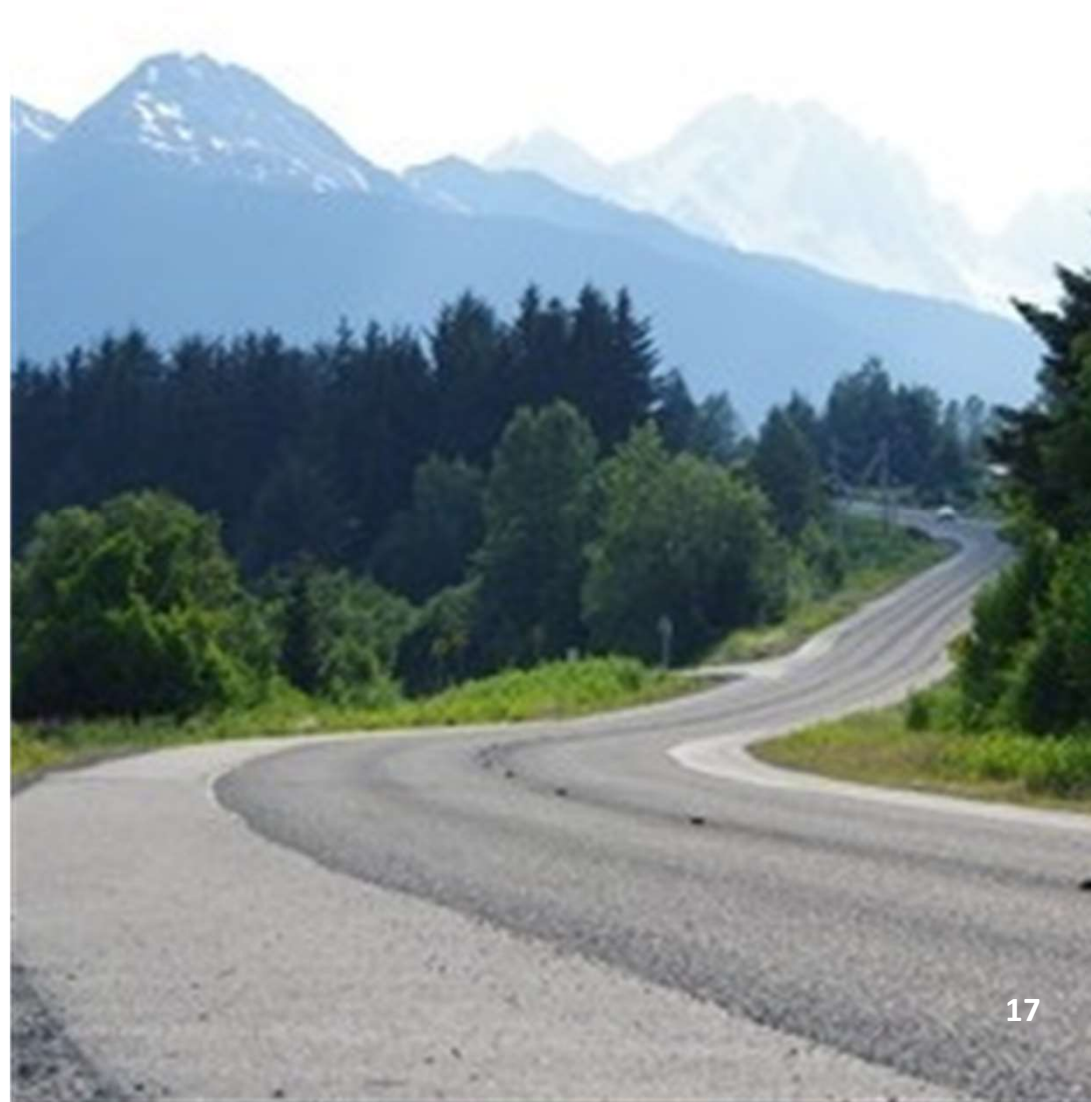
Local manufacture of wood is not required for negotiated timber sales.



Sections 7-8

Section 7 – AS 38.05.115 negotiated timber sales are now consolidated in AS 38.05.118.

Section 8 – Consolidates another provision from AS 38.05.115 into AS 38.05.118.



Sections 9-10

Section 9 – Allows timber sales to be negotiated for local manufacture of both high-value-added and other value-added wood products.

Section 10 – Deletes requirement that negotiated timber sales must include contract terms limiting the sale to the amount of timber the commissioner determines to be the maximum amount that could be commercially practical to harvest.



Sections 11-13

Section 11 – A conforming amendment due to the consolidation of negotiated timber sales in AS 38.05.118.

Section 12 – Because of the consolidation of the negotiated sales provisions in AS 38.05.118, both AS 38.05.115(b) and (c) are unnecessary. AS 38.05.123(e) is repealed due to the amendments in Section 2 and thus to avoid redundancy. AS 38.05.123(g) is repealed because DOF has not used it for .123 timber sales.

Section 13 – Establishes an immediate effective date.





Thank you!