

CS FOR SENATE JOINT RESOLUTION NO. 40(JUD)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE JUDICIARY COMMITTEE

Offered: 4/2/96
Referred: Rules

Sponsor(s): SENATE JUDICIARY COMMITTEE

A RESOLUTION

1 Relating to extension of the United States Forest Service timber sale contract with
2 the Ketchikan Pulp Company.

3 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 WHEREAS, for the last 40 years, the timber industry operating on national forest land
5 in Southeast Alaska has been the largest private employer in Southeast Alaska; and

6 WHEREAS the United States Forest Service strategy for creating permanent year-
7 round employment through a timber industry in Southeast Alaska has been to offer long-term
8 contracts to attract pulp mills to use, and add value to, low-grade and by-product materials
9 from timber harvesting; these pulp mills serve as a market for pulp logs and chips from the
10 sawmills in Southeast Alaska; and

11 WHEREAS pulp mills assure full utilization and protect forest health by using that
12 significant portion of the Tongass National Forest that consists of dead, dying, and over-
13 mature timber; and

14 WHEREAS, since passage of the Tongass Timber Reform Act of 1990 (TTRA), a
15 pulp mill and a major sawmill have closed, and more than 40 percent of the timber industry
16 has been lost due, in part, to the failure of the United States Forest Service to make available

1 the approximately 420,000,000 board feet per year needed to meet the jobs protection
2 promises made by those who sought passage of the TTRA, all of which has created severe
3 social and economic harm to the timber industry, its workers, and timber-dependent
4 communities in Southeast Alaska; and

5 **WHEREAS** another of the reasons for the closure of the Sitka pulp mill was the
6 adverse economic impacts of unilateral changes to its long-term contract made by the TTRA,
7 those unilateral changes also adversely impact the economics of the Ketchikan Pulp Company
8 (KPC) contract; and

9 **WHEREAS** KPC, which obtained a long-term contract to help create year-round jobs
10 in Southeast Alaska, is the sole remaining pulp mill in Alaska, a major employer in Southeast
11 Alaska, and the market for pulp logs and chips from all the other sawmills in Southeast
12 Alaska; and

13 **WHEREAS** the loss of the KPC pulp mill could lead to the loss of the entire industry
14 now operating on the Tongass National Forest with devastating social and economic effects
15 on families and communities throughout Southeast Alaska; and

16 **WHEREAS** the KPC pulp mill faces an uncertain future, not of its own making, as
17 a result of the continuing log shortage created by the failure of the United States Forest
18 Service to meet its volume requirements under KPC's contract and the TTRA, as a result of
19 the adverse economic impacts to its long-term contract caused by the unilateral TTRA
20 changes, and as a result of the requirement that more than \$155,000,000 in capital
21 expenditures be made over the next few years to meet new and ever changing federal
22 environmental standards and operating needs; and

23 **WHEREAS**, as a matter of economic common sense, KPC cannot make all the
24 necessary expenditures without the federal government extending its contract for a sufficient
25 period to amortize those expenditures, without an adequate supply of timber, and without
26 modifying those portions of the unilateral TTRA contract changes that have adversely
27 impacted the contract's economics; and

28 **WHEREAS** the legislature finds that an additional 15 years is a minimum reasonable
29 period to extend the KPC's timber sale contract to allow such amortization; and

30 **WHEREAS** the legislature finds that the 420,000,000 board feet promised by the
31 TTRA must be made available in order to provide sufficient timber to maintain the KPC

1 contract, to provide for the contracts to small business, and to reopen the Wrangell facility and
2 a by-product facility in Sitka;

3 **BE IT RESOLVED** that the Alaska State Legislature respectfully urges the Alaska
4 delegation in Congress and the Governor to take all steps necessary, this year, to extend the
5 Ketchikan Pulp Company long-term contract for an additional 15 years and modify those
6 portions of the contract which the TTRA unilaterally impacted, because such an extension and
7 modification are critical to the environmental, social, and economic well-being of the Tongass
8 National Forest timber workers, their families, and timber-dependent communities in Southeast
9 Alaska and because such an extension is in the public interest of the State of Alaska; and be
10 it

11 **FURTHER RESOLVED** that the Alaska State Legislature also respectfully urges the
12 Alaska Congressional Delegation, the Governor, and the United States Forest Service to take
13 action this year to assure that a minimum of 420,000,000 board feet per year is made available
14 as part of any revision of the Tongass Land-Use Management Plan.

15 **COPIES** of this resolution shall be sent to the Honorable Bill Clinton, President of the
16 United States; the Honorable Daniel R. Glickman, Secretary of the U.S. Department of
17 Agriculture; the Honorable Bruce Babbitt, Secretary of the U.S. Department of the Interior;
18 the Honorable Newt Gingrich, Speaker of the U.S. House of Representatives; the Honorable
19 Strom Thurmond, President Pro Tempore of the U.S. Senate; and to the Honorable Ted
20 Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young,
21 U.S. Representative, members of the Alaska delegation in Congress.