

**ALASKA STATE LEGISLATURE  
HOUSE RESOURCES STANDING COMMITTEE**

May 16, 2003

1:35 p.m.

**MEMBERS PRESENT**

Representative Hugh Fate, Chair  
Representative Beverly Masek, Vice Chair  
Representative Carl Gatto  
Representative Cheryll Heinze  
Representative Carl Morgan  
Representative Kelly Wolf  
Representative Sharon Cissna  
Representative David Guttenberg

**MEMBERS ABSENT**

Representative Bob Lynn

**COMMITTEE CALENDAR**

CS FOR SENATE BILL NO. 149(RES)

"An Act relating to timber, to the sale of timber by the state, and to the management of state forests."

- MOVED CSSB 149(RES) OUT OF COMMITTEE

HOUSE BILL NO. 196

"An Act relating to carbon sequestration; and providing for an effective date."

- MOVED CSHB 196(RES) OUT OF COMMITTEE

**PREVIOUS ACTION**

BILL: SB 149

SHORT TITLE:TIMBER/ TIMBER SALES/ STATE FORESTS

SPONSOR(S): SENATOR(S) TAYLOR

Jrn-Date	Jrn-Page		Action
03/17/03	0517	(S)	READ THE FIRST TIME - REFERRALS
03/17/03	0517	(S)	RES, FIN
03/28/03	0617	(S)	COSPONSOR(S): STEVENS B
05/02/03		(S)	RES AT 3:30 PM BUTROVICH 205
05/02/03		(S)	Heard & Held

05/02/03		(S)	MINUTE(RES)
05/05/03		(S)	RES AT 3:30 PM BUTROVICH 205
05/05/03		(S)	MINUTE(RES)
05/06/03	1178	(S)	RES RPT CS 5DP 1DNP 1AM NEW TITLE
05/06/03	1179	(S)	DP: OGAN, SEEKINS, STEVENS B, WAGONER,
05/06/03	1179	(S)	DYSON; DNP: ELTON; AM: LINCOLN
05/06/03	1179	(S)	FN1: ZERO(DNR)
05/07/03	1234	(S)	FIN REFERRAL WAIVED
05/11/03	1320	(S)	RULES TO CALENDAR 5/11/2003
05/11/03	1320	(S)	READ THE SECOND TIME
05/11/03	1320	(S)	RES CS ADOPTED UNAN CONSENT
05/11/03	1320	(S)	ADVANCED TO THIRD READING 5/12 CALENDAR
05/12/03	1340	(S)	READ THE THIRD TIME CSSB 149(RES)
05/12/03	1340	(S)	PASSED Y12 N8
05/12/03	1340	(S)	ELLIS NOTICE OF RECONSIDERATION
05/13/03	1366	(S)	RECONSIDERATION HELD TO 5/14/03
05/14/03	1406	(S)	RECONSIDERATION NOT TAKEN UP
05/14/03	1408	(S)	TRANSMITTED TO (H)
05/14/03	1408	(S)	VERSION: CSSB 149(RES)
05/15/03	1676	(H)	READ THE FIRST TIME - REFERRALS
05/15/03	1676	(H)	RES, FIN
05/16/03	1734	(H)	FN1: ZERO(DNR)
05/16/03		(H)	RES AT 1:00 PM CAPITOL 124

BILL: HB 196

SHORT TITLE: CARBON SEQUESTRATION

SPONSOR(S): REPRESENTATIVE(S) BERKOWITZ

Jrn-Date	Jrn-Page		Action
03/14/03	0541	(H)	READ THE FIRST TIME - REFERRALS
03/14/03	0541	(H)	RES, FIN
04/23/03	1080	(H)	COSPONSOR(S): GARA
05/07/03	1438	(H)	COSPONSOR(S): GUTTENBERG
05/09/03		(H)	RES AT 8:00 AM CAPITOL 124
05/09/03		(H)	Scheduled But Not Heard
05/12/03		(H)	RES AT 1:00 PM CAPITOL 124
05/12/03		(H)	Heard & Held
05/12/03		(H)	MINUTE(RES)

05/14/03	1663	(H)	COSPONSOR(S): KERTTULA, HAWKER
05/14/03		(H)	RES AT 8:00 AM CAPITOL 124
05/14/03		(H)	Scheduled But Not Heard
05/15/03	1714	(H)	COSPONSOR(S): KOTT
05/16/03	1766	(H)	FIN REFERRAL WAIVED
05/16/03		(H)	RES AT 1:00 PM CAPITOL 124

**WITNESS REGISTER**

KELLY HUBER, Staff  
to Senator Robin Taylor  
Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Introduced SB 149 on behalf of Senator Taylor, sponsor.

JOHN "CHRIS" MAISCH, Regional Forester  
Northern Region Office  
Division of Forestry  
Department of Natural Resources (DNR)  
Fairbanks, Alaska

POSITION STATEMENT: Explained SB 149 and answered questions; answered questions relating to HB 196.

LESLIE GUSTAFSON, Owner  
White Spruce Enterprises  
Salcha, Alaska

POSITION STATEMENT: Urged support for SB 149 as someone whose business uses the Tanana Valley State Forest.

SCOTT BATES  
Fairbanks, Alaska

POSITION STATEMENT: During hearing on SB 149, voiced concern about the removal of "multiple use" language from the statutes and cited a study showing the sheer volume of nontimber forest uses in the Tanana Valley State Forest.

DEIRDRE HELFFERICH  
Ester, Alaska

POSITION STATEMENT: Testified on SB 149, saying her main concern is with replacing the primary importance of multiple use management with timber management in the hierarchy; spoke in favor of a broad spectrum of uses.

AL PACH  
Fairbanks, Alaska

POSITION STATEMENT: Testified on SB 149, suggesting multiple uses can continue even if timber becomes the primary use.

MARJORIE K. COLE

Ester, Alaska

POSITION STATEMENT: Testified on SB 149 in opposition to promoting timber management to the primary use; spoke about quality of life for Interior Alaskans and other concerns.

GLENN JUDAY, Ph.D.

Fairbanks, Alaska

POSITION STATEMENT: Testified on SB 149, saying it is fatally flawed; suggested having Section 11 apply to commercial resources, not timber specifically, and proposed language.

LAURA HENRY

Fairbanks, Alaska

POSITION STATEMENT: Testified on SB 149; suggested either tabling the bill until the interim or keeping the multiple-use priority, which better reflects the diversity of public opinion in Interior Alaska.

JAN DAWE, Ph.D., Director

Alaska Boreal Forest Council

Fairbanks, Alaska

POSITION STATEMENT: Testified on SB 149; urged the committee to hold the bill over the interim to work on it or, if it must be moved, to amend the portion dealing with the primary purpose of a state forest to include multiple use; provided suggested language.

EMILY FERRY

Southeast Alaska Conservation Council (SEACC)

Juneau, Alaska

POSITION STATEMENT: Expressed concerns about SB 149, saying it needs serious changes or should be voted down altogether.

ANISSA BERRY, President

Lower Chatham Conservation Society

Port Alexander, Alaska

POSITION STATEMENT: Voiced indignation about SB 149, stating concern that it will result in lost revenues and will jeopardize fisheries, habitat, recreation, and subsistence; urged members to either not pass it or change multiple use portions.

SETH LITTLE

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to the current version of SB 149 and changing the mandate for multiple use to timber production as the primary purpose; urged members to listen to suggestions and possible amendments proposed by previous testifiers and to rework the bill in committee.

BOBBIE JO SKIBO

Eagle River, Alaska

POSITION STATEMENT: Testified on SB 149, echoing concerns voiced by previous testifiers and stating opposition not to logging, but to a focus on a single-interest rather than multiple use.

MATT DAVIDSON

Alaska Conservation Voters (ACV)

Juneau, Alaska

POSITION STATEMENT: Testified on SB 149, calling it poorly crafted and expressing concerns about what it changes with regard to planning, riparian standards, and other matters; asked the committee to take time to really look at it.

#### **ACTION NARRATIVE**

#### **TAPE 03-46, SIDE A**

Number 0001

**CHAIR HUGH FATE** called the House Resources Standing Committee meeting to order at 1:35 p.m. Representatives Fate, Masek, Gatto, Heinze, Morgan, Guttenberg, and Cissna were present at the call to order. Representative Wolf arrived as the meeting was in progress.

#### SB 149-TIMBER/ TIMBER SALES/ STATE FORESTS

Number 0130

CHAIR FATE announced that the first order of business would be CS FOR SENATE BILL NO. 149(RES), "An Act relating to timber, to the sale of timber by the state, and to the management of state forests."

Number 0178

KELLY HUBER, Staff to Senator Robin Taylor, Alaska State Legislature, introduced SB 149 on behalf of Senator Taylor, sponsor. Noting that this bill was done in conjunction with the

administration, Ms. Huber turned the presentation over to Mr. Maisch.

Number 0244

JOHN "CHRIS" MAISCH, Regional Forester, Northern Region Office, Division of Forestry, Department of Natural Resources (DNR), paraphrased the sponsor statement/sectional analysis in committee packets. He explained that SB 149 addresses planning requirements for forest management, including forest management plans for legislatively designated state forests, Five-Year Schedules of Timber Sales (FYSTSs), and Forest Land Use Plans (FLUPs) for individual timber sales. Currently, there are two legislatively designated state forests: the Tanana Valley State Forest and the Haines State Forest Resource Management Area.

MR. MAISCH discussed how the legislation affects Forest Land Use Plans. Section 1 moves the guidance on when general planning requirements under AS 38.04.065 apply to FLUPs, a technical change based on other changes in the bill. Section 2 deletes the reference to consideration of information on collective effects of forest activities, because consideration of collective effects cannot be done on a sale-by-sale basis and is better addressed through regional planning such as FLUPs. Section 3 deletes the list of specific uses that must be considered in FLUPs and replaces it with a requirement that FLUPs on land outside the state forests shall consider nontimber forest resources and uses.

Number 0414

MR. MAISCH turned to how the legislation affects Five-Year Schedules of Timber Sales. He said Section 4 changes the five-year schedule from an annual to a [biennial] requirement, to reduce the division's workload from preparing and reviewing the schedules while keeping the industry and the public informed about proposed sales. Section 5 changes the requirement that a sale be on two schedules preceding the sale; now the sale would have to be on one of the two schedules preceding the sale. Individual sales will be reviewed through the FLUP process. Section 16 is a technical change he said he wouldn't go into.

MR. MAISCH addressed state forest purposes and forest management plans, probably one of the more important aspects of the bill. He said Sections 8 and 9 address management plans for the Haines State Forest [Resource Management Area]. They replace the specific planning requirements for the Haines State Forest

Resource Management Area in [AS] 41.15.315(a) with the [requirements for] state forest management plans in [AS] 41.17.230. Hence the two state forests would be subject to the same guidance for management plans. Specific requirements for consultation between DNR and the Alaska Department of Fish & Game (ADF&G) and between ADF&G and local fish and game advisory committees would be retained. Deleted are requirements for the plan to be based on the inventory completed within the last 10 years and to revise the plan when a new inventory is done. He told members this wouldn't require any changes at this time to the current forest management plans for the state forests.

Number 0563

MR. MAISCH turned to Sections 11, 12, and 15. He pointed out that they change the management emphasis in legislatively designated state forests from a mix of multiple use that provides for timber management; now it will be timber management that allows other beneficial uses compatible with timber. These sections change the primary purpose of the state forests from multiple use that provides for production, utilization, and replenishment of timber resources; now it will be timber management while allowing other beneficial uses.

MR. MAISCH said these sections delete "multiple use" as a principle for managing a state forest. These changes apply to the Tanana Valley State Forest. The Haines State Forest [Resource Management Area's] purpose is established under AS 41.15.300 to AS 41.15.315, and isn't changed by this bill.

MR. MAISCH explained that Section 13 requires that forest management plans consider nontimber uses to the extent such uses are compatible with timber management. In conjunction with Section 3, it moves consideration of nontimber uses in state forests from the individual FLUP to the management plan for the state forest. This section applies to both state forests.

Number 0668

MR. MAISCH said Section 14 makes the timing requirement for review of forest management plans more flexible; rather than every five years, it's as necessary. Section 16 deletes the requirement for proposals of new state forests to include findings of incompatibility for the timber and nontimber uses previously listed in AS 38.05.112(c) and agency comments on such findings; it also deletes the requirement that forest management plans be provided to the legislature after adoption.

Number 0722

MR. MAISCH explained that Section 10 revises the conditions for imposing riparian-protection standards on state land that are more stringent than those established in the Forest Resources and Practices Act. He noted that SB 88 establishes those standards for the Interior.

MR. MAISCH turned to negotiated timber sales for local manufacture of wood products. He said Section 6 broadens the area where sales under this section may be offered. Section 7 makes the definition of "high value-added wood product" more flexible by allowing the commissioner to determine what additional products qualify. He offered to answer questions.

Number 0812

REPRESENTATIVE GUTTENBERG related his understanding that management of the Tanana Valley State Forest has been with "user groups and large groups of people getting together and sitting at the table." He asked whether this [bill] came from a consensus process with the affected constituent groups.

MR. MAISCH said it wasn't done through a process used for revising the forest management plan itself, but different people were consulted in the community by the parties who worked on this legislation.

REPRESENTATIVE GUTTENBERG asked whether it was part of, or outside of, the consensus process.

MR. MAISCH said he wasn't fully involved in preparing this legislation, was present currently to address the sectional analysis, and couldn't answer that.

Number 0860

REPRESENTATIVE GATTO referred to page 4, line 5, where it talks about a commissioner's finding of compelling state interest; page 5, line 4, where it talks about a finding of incompatibility in the management plan; and page 5, lines 11-12, where it says "when necessary". He said he could deal with the first ones, though they leave it to interpretation of the commissioner. Highlighting "when necessary", however, he said it's a wide-open door, whereas [review] has been required every five years. He asked Mr. Maisch how he feels about the change.

MR. MAISCH offered his experience that five years was too short. He said the division had found itself in a never-ending loop in terms of revising the forest management plan, and he believed the last plan revision took close to seven years to do; thus the whole plan would have to be revised in two and a half years. He opined that "when necessary" is appropriate; if there are changes in forest conditions or the level of management, the plan can be revised.

Number 1055

REPRESENTATIVE GATTO inquired about having it say "no less than one time in any 10-year period".

MR. MAISCH said it'd be nice to have more flexibility than that. He elaborated:

Currently, the level of management that occurs on the state forest, even over a 10-year period if we look back over the last 20, there's been not a lot of change in the level of harvesting that's ... taken place. So I'd hate to commit the division to a review process that's not needed, because those review processes are very time consuming, and they cost the state a lot ... of money and time to complete.

Number 1114

REPRESENTATIVE CISSNA addressed removal of the principle of multiple use in the bill; she cited page 4, line 14, Section 12, as an example. [The sponsor statement/sectional analysis for Sections 11, 12, and 15 said these sections "delete multiple use as a principle for managing a State Forest."] She suggested this might be logical in some areas where multiple use is minor, but pointed out that in some areas of the state, multiple use is extremely important to the community, for tourism and for a number of local businesses; looking at just timber sales could hurt the local economy. She asked why multiple use is being replaced with timber in some of these places.

MR. MAISCH asserted that it doesn't remove the principle of multiple use from management of the state forests, but places timber management above those other multiple uses. He explained:

Those other multiple uses will continue to occur, and, in most cases, are very compatible with timber management. In fact, a lot of the access that's provided ... in the state forest for other multiple uses is provided because of the timber management program. So it does not remove multiple use management from the state forests; however, it does put timber at a higher consideration level, should there be a conflict between timber management and multiple uses.

Number 1258

REPRESENTATIVE CISSNA asked whether that would be true even if the multiple use was jeopardized by timber production. She also asked whether timber production trumps any other local use.

MR. MAISCH answered, "Within the state forests, ... if there were competing uses for the same piece of land, we'd consider timber higher than the other uses. ... I don't know if I'd say it would trump per se, but it would certainly put it higher up on the list of considerations." In response to a question from Chair Fate, he said:

The forest management plan still stays in effect on this, and it goes into great detail in the plan about other uses that are permitted and allowed on the state forest. The way I understand this piece of legislation, it just simply puts timber at a higher consideration level, should there be a conflict between multiple uses and timber management.

CHAIR FATE asked, "But those are in the plans as well as in this piece of legislation?"

MR. MAISCH affirmed that and said, "They are listed out in quite a bit of detail and how we intend to manage those other uses within the state forest."

Number 1387

REPRESENTATIVE GUTTENBERG asked whether [the division] does timber sales now.

MR. MAISCH answered in the affirmative. In further response, he said, "We're under 10 percent of what the allowable harvest levels would be on the state forest. Right now, roughly about a

thousand acres a year are harvested in the state forest or on nearby classified lands."

Number 1419

REPRESENTATIVE GUTTENBERG asked whether all of those leases or bids are used, whether there is competition for them, and whether there is a need for more now. He said he was trying to figure out why timber would be put above other purposes. For example, is the timber harvest not meeting the needs of the community?

MR. MAISCH said it depends on the area of the state forest being discussed. The state forest is divided into four management areas. In some, sale offerings are keeping pace with demand. In the Fairbanks area, for example, sale offerings are ahead of demand level, and there are some sales available via over-the-counter offerings. He noted that the over-the-counter offerings have started to pick up lately, with a number being sold in the last few weeks.

Number 1490

REPRESENTATIVE GUTTENBERG asked, "But you're still below the level that you can be without interfering with multiple use?"

MR. MAISCH responded that only about 10 percent of what would be permitted under the sustained yield concept is being harvested.

CHAIR FATE offered that it isn't a matter of having land available for multiple use; rather, the use of the timber in that plan [would have] a higher priority than multiple use.

MR. MAISCH agreed, saying multiple use is a concept that "all these uses can occur across the landscape more or less simultaneously." He added, "There are rare occasions where you may have conflicts between some of those multiple uses and timber management."

Number 1570

REPRESENTATIVE HEINZE referred to the sponsor statement/sectional analysis for Section 6, which read [original punctuation provided]:

Negotiated timber sales for local manufacture of wood products

**Section 6 (AS 38.05.123(d))** broadens the area where sales under this section may be offered. Currently offerings are limited to areas "designated for forestry uses" by an area plan, to areas where forestry is an allowed use. This would allow this sale type in areas that have more general designations such as "Resource Management" or "General Use". Review of proposed sales through the FYSTS and FLUP processes would continue to ensure that proposed sales are compatible with the management intent for the particular location.

REPRESENTATIVE HEINZE asked how much land this affects.

MR. MAISCH said he didn't know off the top of his head.

Number 1623

REPRESENTATIVE WOLF asked whether there has been any effect from the spruce-bark beetle.

MR. MAISCH said no. The spruce beetle that has affected the Kenai Peninsula hasn't occurred [in the same way] in the Interior. A different beetle, the "Ips" beetle, impacted the area a few years ago; it doesn't cause widespread mortality, but usually kills individual tops of trees. In further response, he said there's always a potential [that the spruce beetle could have an effect]. He explained:

The spruce beetle is here in the Interior, just like other parts of the state. It's at ... what would be referred to as an endemic level, which is it's always present. It could at any time perhaps break out into an epidemic; we had one on the Yukon River in the mid-to-late '80s. It was one of the first times the spruce beetle was recorded that had [an] outbreak as large as ... it got. It did run its course in about a five-year period of time, affected mostly Native timber holdings, some state timber holdings, but in a very remote area in the Interior. It could occur here, but it's hard to predict when and if those conditions would actually take place.

CHAIR FATE asked that Mr. Maisch stand by on teleconference for later questions. He requested that testifiers limit testimony to about two minutes.

Number 1717

LESLIE GUSTAFSON, Owner, White Spruce Enterprises, informed members that she is involved in the timber-harvest industry in the Tanana Valley State Forest and with value-added construction from her company's log and lumber products. She urged support for SB 149 in its current form, without further amendment. She told members:

This bill supports the forest industry, one of our state's renewable resources. In SB 88, we gave up buffer zones to work with groups opposed to forest use. But in this bill, we want to protect the timber base and the purpose of the part of our forests. Our forests do have multiple uses for different groups. But much of that use is created by the timber-harvest roads. After we put in a road, we see the ATVs [all-terrain vehicles], the snow machines, the mushers, the horseback riders that use these roads that are in and would not be available if they weren't in there, as far as even firewood cutters, lots of them, ... as soon as we put in a road. The roads would not have been created if there was not some timber harvest in there. We see moose; we see bear [and] other game in these open areas that are created.

There's approximately 20 million acres of state parks currently, with their primary use ... for recreationalists and ... off-limits to timber harvest. There should be some equity to the use of the small section of forest that is designed for timber harvest as a primary purpose. I see this as "there is not a lot of harvest." ... I like the wording that has some primary use, with recreational use and other uses on top of it.

Number 1822

SCOTT BATES voiced concern about the disappearance of "multiple use" language from the statute. He said there are many multiple consumptive uses in the forest in the Tanana River watershed, including in the Tanana Valley State Forest; these uses include commercial, subsistence, and general household uses by Alaskans. He surmised that the same is true for the rest of the state.

MR. BATES referred to a document he'd provided entitled "The Tanana Valley Forest Use Survey: How households used the forest

in the Tanana River Watershed from September 1999 to August 2000." He said he'd worked on this survey; his project was aimed at placing values on these harvest activities. In the survey, households reported harvesting moose, firewood, berries, birch sap, diamond willow, artist conks, and many other things. Table 4 shows probably 35 percent of Tanana Valley households picked blueberries in 2000; the potential harvest was 112,000-plus quarts in the Tanana Valley alone. If they'd had to purchase the berries at grocery stores, they'd have spent over \$1.75 million. For other berries, it would take close to \$3 million of effort to replace them for Tanana Valley households.

CHAIR FATE informed Mr. Bates that committee members didn't have the packet he'd provided, but asked him to continue.

MR. BATES noted that Tables [2 and 3] summarize timber and nontimber harvests. For example, firewood replacement value for Tanana Valley households was more than \$5 million. Nontimber items that were collected included diamond willow, at more than \$200,000 in replacement value for people who buy walking sticks instead of harvesting them; 30,000 pole logs, which would have required a quarter million dollars to purchase equivalent 4x4s at a lumber yard; and 17,000 pieces of birch bark to make into baskets, for example, to sell in tourist shops.

MR. BATES closed by saying the survey shows Alaskans are accustomed to many uses for the forests, including the Tanana Valley State Forest; he surmised this is true for the other state forest as well. He said an ADF&G survey showed that Alaska's registered voters value wildlife viewing at \$408 per trip and value other trips during which wildlife viewing is incidental at \$82. He expressed hope that members would look at the rest of the report he'd provided to see the sheer volume of activities participating in by Alaskans.

Number 2078

CHAIR FATE said the committee would look closely at it. Referring to Mr. Bates' concern about the disappearance of multiple use, he opined that nothing in the legislation or previous testimony even suggests the disappearance of multiple use; rather, it sets some priorities.

Number 2139

DEIRDRE HELFFERICH testified on her own behalf, noting that she is the managing editor for both Mushing magazine and the

publications office of the School of Natural Resources and Agricultural Sciences, University of Alaska. She said her main concern is with replacing the primary importance of multiple use management with timber management in the hierarchy. Multiple use implies the inclusion of timber, she pointed out.

MS. HELFFERICH referred to Section 13, beginning at [page 4, line 28], noting that the new language says in part, "To the extent they are found to be compatible with the primary purpose of state forests"; thus the plan shall be geared toward timber. She said it should be geared toward a broad spectrum of uses instead. She offered her perspective that mushers use [the forest] with the trees intact, and expressed concern that this hierarchy [change] is unnecessary.

CHAIR FATE remarked that he was a musher for 16 years and was always happy to see a trail that was made through the timber.

MS. HELFFERICH said she didn't disagree.

Number 2249

AL PACH informed members that he's been in the sawmill business 33 years. He said multiple uses have been happening the whole time he's been here and he sees no reason they won't continue, even if timber is the state forest's primary purpose, which he said was intended when it was first formed. He suggested that because of the large amount of acreage, timber harvest is like a grain of sand on the beach, and said people don't need to do activities where logging occurs. He mentioned 33 million acres in the Tanana Valley and said this is only talking about 1.8 million, of which a small fraction is being logged each year.

Number 2327

MARJORIE K. COLE, noting that she has hiked and canoed in Alaska since 1966, told members:

Unlike Alaskans across the political spectrum who protested SB 310 in 1994, I am opposed to elevating timber management to the primary use. People testified then in favor of multiple practical uses of the forest, and also of its spiritual uses. Over and over again they testified. These two words are not opposed. They are two words for the very same thing, which is quality of life.

Our quality of life as Interior Alaskans is not located in the investment portfolios of timber managers. Do you hear this sound? [Rustling paper.] That's a Fred Meyer shopping bag made from timber pulp. This is not a value-added product as [SB] 149 describes it. It is a value-taken-away product. Alaskans do not want to see our forests stripped for this purpose.

[SB] 149 might apply a little salve to the state's budget crisis, but it will not add to quality of life for Interior Alaskans. Today's [Fairbanks News-Miner] contains a slew of letters in support of an income tax. Obviously, we are asking you guys for a little more discussion and debate, a completely open process, not a last-minute, crisis-driven rush through of a bill like [SB] 149. Across the political spectrum, we ask you for more debate. It is shabby of the legislature to try to rush this bill through. It is also alarmingly slick.

Number 2433

MS. COLE continued:

Will Rogers said that the pioneers were really just people robbing from future generations. I'd ask you again: Let's not be this way. We spoke up in 1994, and if the price of a healthy, intact forest is eternal vigilance, then here we are [to] speak up again. I'm adding my voice to those who are telling you to please leave it alone. Wait. Open up the discussion.

It will not grow back the same. A ... renewable resource, as you call it, is not a green light to take the money and run. Forests did not return in Michigan or Washington State, to places where I've also done a lot of hiking and canoeing. They are changed forever by harvest. The rate of tree growth has already slowed down due to global warming and our slightly damper climate. White spruce grows slower this year than it did 20 years ago; ask any forester. An intact forest is also essential for air exchange on this planet. We need the planet just as it is, for our strength and health, just as Samson needed his long hair.

Number 2472

REPRESENTATIVE GATTO asked Ms. Cole whether she was part of the management group that worked on the Tanana Valley State Forest [plan] in the past.

MS. COLE said no, although she'd read parts of it and the testimony from 1994 through the present.

Number 2493

GLENN JUDAY, Ph.D., testified on his own behalf, noting that he is a professor of forest ecology in the Forest Sciences Department at the university, has been a national office holder in the Society of American Foresters, received a plaque in 1983 for his efforts in establishing the Tanana Valley State Forest, and worked with [then-Senator] Bettye Fahrenkamp in drafting the original legislation establishing state forests. He told members:

I'm here to just point out that I think the bill in front of you is fatally flawed. ... There are two issues that are floating around here, and I'm not intending to address one of them. One of them is the perennial argument about whether our public lands should be used for preservation or for commercial purposes; I'm not here addressing that. What I am here [for], as a conservative speaking to conservatives, is to ask you not to do something dumb, which is to try to pick winners and losers in the economy. And it's not a good idea.

I would suggest that you just replace the language ... in the current bill draft in ... Section 11 with ... the statement, "a forest management that provides for the production, utilization, and replenishment of commercial resources" - not timber resources - because if you say timber resources, that means you are elevating a priority; you're making a decision that [an] on-the-ground-level forest manager should make as to which commercial resource would be of the greatest benefit to the state on the public lands. And you will be tying his hands from making a logical, rational ... decision that meets the local needs. And I don't understand why you would want to do that.

So I'm just saying don't elevate timber resources if your purpose here is to try to make clear that, ... as a public policy, you want to see the state lands used for commercial purposes for the benefit of the citizenry. Leave the language "commercial resources" and let people who can deal with changing situations on the ground make that decision.

Number 2653

DR. JUDAY, in response to a question from Representative Wolf, said he'd edited some papers for the Forest History Society.

CHAIR FATE announced that Dr. Juday's suggestion would be considered. He stated his intention of moving the bill forward but said there can always be amendments on the floor.

Number 2696

LAURA HENRY testified, noting that she is a graduate student at University of Alaska Fairbanks (UAF). She told members:

I lived here in Fairbanks for about two and a half, three years between 1997 and 1999, and I left to return home ... to the eastern area of the country, in West Virginia and Pennsylvania, for a few years. And I came back to Fairbanks partly because I had this opportunity to participate as a graduate student and because ... I love Interior Alaska; it's a place I want to spend more time.

I want to start by saying that ... I support local logging industries like those of some of the ... testimony we've heard here from some of the people who've testified here, Leslie and Al. But I primarily support management of our Tanana Valley State Forest with a multiple-use perspective. I think that "multiple use" language leaves room for logging, leaves room for the timber industry without making the timber industry the management priority.

I believe ... a multiple-use priority better reflects the diversity of public opinion in Interior Alaska, at any rate. During my previous time in Fairbanks, I participated briefly - about three months, I think it was - on the Cache Creek advisory subcommittee ... to the citizens' advisory committee [CAC]. During that

process, I ... gained a lot of faith in that consensus-based process, to pass recommendations for the management of the Tanana Valley State Forest on to the CAC. And my concern with this bill is that it's removing a lot of the hard work of that consensus-based process that gave voice to so many diverse public opinions. That's ... my primary concern, is that this bill is ignoring that, that really intense, ... very good-natured process.

MS. HENRY closed by suggesting that the bill be tabled [until] the interim in order to have more discussion and debate before rewording the management priority of the state forests. In the alternative, she recommended retaining the "multiple use" perspective or priority language.

Number 2824

JAN DAWE, Ph.D., Director, Alaska Boreal Forest Council, pointed out that members should have in their packets a memorandum dated May 16, 2003. She explained that this document provides results that were e-mailed in response to a question asked of natural resource professionals and members of the public about the preferred wording with regard to the state forests. She urged the committee to hold the bill over the interim in order to work on it. If it must be moved this session, though, she asked that the portion be amended that deals with the primary purpose of a state forest. She said:

Our testimony goes in line with much of what has come before, with one exception: the Alaska Boreal Forest Council is in the business of promoting sustainable community and economies throughout Alaska. We would be okay if the primary purpose of the state forest had a management emphasis on timber, as long as the words "multiple use" remain in the primary purpose.

For that reason, if any of the ... preferred language that you see in our memo to you is okay to the council - one that is supported by ... Carol Lewis, dean and director of the School of Natural Resources and Agricultural Sciences, and director of the [Agricultural] and Forestry Experimental Station at the university, and also by Edmond Packee, who is a certified forester and soil scientist - the primary purpose reads exactly as it's in the CS, with the

addition of one word: "multiple" after the word "beneficial". That would be okay.

Number 2916

DR. DAWE continued:

Better than that is what Dr. Juday mentioned before, which is ... Option 1, which reads: "The primary purpose in the establishment of state forests is forest management" - instead of timber management - "that provides for the production, utilization, and replenishment of commercially valuable resources while allowing other multiple uses of public land and resources." This is our preferred wording from the Alaska Boreal Forest Council. It also was the preferred wording of five people who responded to our e-mail request who are professional resource managers.

So, either one of those statements. But without the word "multiple" in the primary purpose, we have to, with all respect, say that this change is profound - not in the short term perhaps, with the current management that we have, but certainly when the Tanana Valley State Forest [management] plan is updated the next time; the tenor of the debate and the discussions will be changed if the primary purpose were no longer "multiple use management," but solely for timber resources. ...

And a final historical note, just to add to Glenn Juday's: if we do have the packet, which the Division of Forestry can provide to you with the wording going between [then-Senator] Bettye Fahrenkamp and the drafters of the original legislation, that supports putting land into public ownership for multiple uses, including extractive resources and nonextractive uses, commercial, private, and public, and to keep that as under multiple-use management. It has always been the primary purpose to be under multiple-use management, and we hope that the 23rd legislature finds it a responsible thing to keep it under that - make your primary resource emphasis on timber, but keep multiple use in.

[Not on tape, but reconstructed from the committee secretary's log notes, was a member's request to Dr. Dawe for the language from then-Senator Fahrenkamp.]

**TAPE 03-46, SIDE B**

Number 3014

DR. DAWE asked whether there was time to get the information to the committee before the bill is moved out.

CHAIR FATE indicated he meant to move the bill out that day.

Number 2944

EMILY FERRY, Southeast Alaska Conservation Council (SEACC), explained that SEACC is a coalition of 18 member groups in 14 communities from Ketchikan to Yakutat; members include commercial fishermen and small-scale value-added timber operators. She told the committee that putting timber before all other uses of the state forest lands would make second-class concerns of fisheries, subsistence, recreation, tourism, and other uses; this violates the state's public trust doctrine to manage all of Alaska's resources for all citizens, not just the special interests of a selected few.

MS. FERRY also expressed concern that the bill makes little sense financially because, according to DNR, the fiscal year 2002 (FY 02) state timber sales only brought in \$500,000, while state parks brought in nearly \$2 million. In addition, she said the Haines State Forest Resource Management Area now is being managed almost exclusively for tourism-recreation, in part because the world timber markets are so low; furthermore, the Tongass National Forest has nearly 300 million board feet under contract to be cut, but the timber isn't being cut because the worldwide timber markets are so low. She told members:

So value-added products mean that we have jobs added to our communities. Traditional pulp and timber processing yields about 5 jobs per million board feet of wood processed. Value-added operations typically yield 14 to 18 jobs for the same amount of wood. Clearly, pulping does not create the same number of jobs as traditional high value-added activities. The definition of "high value-added" should not be changed to include pulp.

And finally, this bill represents another attempt to cut the citizens and our representatives out of the management of our public lands and, again, violates the state's obligation to manage all resources for all people. ... This bill needs serious changes or should be voted down altogether.

CHAIR FATE offered his understanding that the forest management plans and local plans do involve the stakeholders, and thus the public has a review process and due-process consideration.

Number 2828

ANISSA BERRY, President, Lower Chatham Conservation Society, told members she is indignant that this bill's primary motivation is to turn the state forests into clear cuts, which in the long run will result in lost state revenues and will jeopardize fisheries, recreation, and subsistence from these state forests. Noting that the bill says the state forests will be managed primarily for timber, with other values and uses such as recreation, watersheds, habitat, and subsistence being secondary, she said under this bill the state can create millions of acres of new forests without considering whether any other use or resource preempts these lands from becoming state forests solely created for a timber base. She told members:

In the bigger picture ... Governor Murkowski envisions a future land exchange with the U.S. Forest Service to create a huge state forest in the Tongass. Senate Bill 149's purpose is to set the groundwork for a management directive of logging before any exchange takes place. Hundreds of thousands of acres of Southeast Alaska's remaining intact watersheds would potentially be threatened by timber harvest and reduced habitat protections, under current state law and Senate Bill 149.

Too many of Alaska's prized resources here in Southeast Alaska, such as our world-class fisheries, our million-dollar viewscapes, and healthy wild game, are at stake. ... They are too Alaskan to risk losing for the short-term gain of turning state forests to stumps. On the next island over from here, many locals from our community use the forest. ... They flight see. They hunt and trap and fish. And those are not compatible uses with timber harvest. Our use will be overridden because of the quality of the high-

productive forestland that is over there that could be turned into state forest in the future.

Sufficient buffers for salmon habitat have no guarantees under this bill. Fish habitat will only be protected if the commissioner makes a finding of, quote, "significant state interest when necessary".

Number 2714

MS. BERRY concluded by saying she feels the risks to other users will be great if these lands are harvested. Alluding to [the administration's stated intention of] resolving fiscal problems through resource development, she said clear cutting millions of acres of state land leaves the landowner - the state - with little gain compared with a multitude of losses in the long run. She surmised that most of the timber will be exported to Asia in the round, and said she sees little gain with the bill. She urged members either to not pass it or to make huge changes to the "multiple use" part.

Number 2687

SETH LITTLE began by saying he would echo previous testimony that it is wrong to replace the current multiple-use mandate with timber production as the primary purpose. He cited benefits to local and state economies from multiple use such as for food, materials, and value-added wood products, and cited tourism and recreation as examples of indirect benefits. Saying healthy forests provide habitat for wildlife and ample opportunities for hunters, and that intact forests provide clean water and habitat for Alaska's world-renowned fisheries, he expressed concern that other, economically viable uses besides timber will suffer in the long run.

MR. LITTLE urged members to look at testimony, suggestions, and possible amendments proposed that day, rather than move the bill to the House floor for amendments. He said committees are set up to really look at bills and figure out what needs to be changed to make them better before they go to the floor. Stating opposition to the current bill version, he asked members to listen to the concerns voiced by the public with regard to these policies that will affect the state.

Number 2531

BOBBIE JO SKIBO told members she would echo and reiterate concerns expressed this day, especially those from the forest ecologist from the university; Emily Ferry's economic arguments; and some arguments about aesthetics, recreation, and multiple use. She said she was thrilled that the majority of folks testifying that day were speaking in opposition. Specifying that she isn't opposed to logging, she noted that she lives in a wooden cabin and burns firewood, part of the multiple uses of the state forests. She spoke in opposition to prioritizing a single-interest focus on logging. She told members:

Our state was built on a foundation of resource extraction. However, it has definitely progressed to a ... multifaceted, multiuse economy, ... which does include logging, tourism - all the lists - and timber extraction. And it's not exclusive; we have a lot of uses on our forests. And we've watched logging create a deficiency in the overall well-being of the Tongass, and ... we've watched the state and the federal government spend a lot of money to let this go on and continue. Our timber is exported, generating little benefit to the local Alaskans.

MS. SKIBO agreed with earlier testimony that a paper bag isn't value-added, and suggested the need to really understand its definition. She said job security, recreation, and multiple use should be the priorities on state lands. Highlighting Ms. Ferry's point and the difference between the \$10 million spent by DNR on forest programs and the money brought in, Ms. Skibo asked how [timber] can be the priority when it's losing money. Saying she feels this is irresponsible management, she told members, "As Alaskans, we can do better and be more creative with our industries."

Number 2320

MATT DAVIDSON, Alaska Conservation Voters (ACV), called this a poorly crafted bill. Noting that it's the first House hearing, he suggested the bill needs to be looked at closely. Addressing his first point, he told members:

When the state does timber planning, they have an area plan, the regional plan, which I have one of. ... So the state is saying that this document should be used to do land planning. It should look at ... wildlife habitat and recreational use and fish and game habitat. It doesn't do that. ... It says although

this plan establishes areas for potential timber harvest, it does not make timber-harvest-specific decisions. Before timber-harvest decisions are made, they need to do a Forest Land Use Plan.

Well, this bill takes away ... the consideration elements, a part of forest land use planning. So they're saying that this is the correct place to look at those broad issues that will happen from logging, and this bill ... tells you that they can't consider those broad issues ... in the local area plan. These plans don't do the planning that ... they're charging them with doing. In fact, we're taking away ... the requirement that these plans be amended, both the state forest plans and the area plans. So we're really taking away planning, to consider [AS] 38.05.112; those elements are really important in terms of planning.

Number 2235

MR. DAVIDSON turned attention to a second concern: the Tanana Valley State Forest plan will be changed to be timber-first management, whereas the same isn't true for the Haines forest. He said the administration hasn't given a good reason why. He told members:

We also know that the Murkowski Administration is trying to create a million-acre state forest in the Tongass, with timber-first management. Right now, those lands are managed for multiple use by the federal government. There's a lot of good fisheries in Southeast Alaska that may go away under the limited review process under this. If the state's going to create a new state forest, there's no requirement that the Department of Fish & Game even describe the lands and what the uses are, and who else is using them. The legislature deserves to know before it designates a new state forest what's happening on those lands. ... Why is that repealed from the bill?

Representative Heinze asked a question, adding general use ... to the list of value-added timber sale areas. It's a lot of acreage that will now be open to dramatic logging. ... Under the DNR area plan for this, ... for Prince of Wales Island, a lot of the land is designated "general use." ... It's a very big

part of the area planning ... methodology. So that allows for some logging maybe, ... some recreation. They ... basically decided they want to use "general use" when they didn't want to go and designate an area all for forestry or all for something else. But by allowing value-added, which includes pulping, under general use lands, we're really making a big change. And I know the folks on Prince of Wales Island, who are surrounded by general use lands in a lot of these communities, are going to be really concerned when suddenly they're wide open for value-added logging. So I encourage you to look at your local area plans and see how much of those lands are general use - or settlement, for that matter, is allowed for logging.

Number 2139

MR. DAVIDSON asked the committee to take time to look at the riparian standards. For example, why is the rule being changed that the individual forest planner can look and expand riparian zones, the protective areas for streams, so that now the commissioner will have to make a finding of compelling state interest? He said, "Why not let the forest manager? Why not let DNR individuals, the line-item officers, make those decisions? If it's a problem, we'll go back." He expressed concern that "compelling state interest" isn't defined in the bill or in statute, and said it seems to be timber harvest over all other uses. "We really owe it to the people of the state of Alaska to take a hard look at this bill," he concluded.

Number 2089

CHAIR FATE asked whether there were questions and then closed public testimony. He offered his views:

There are so many laws that govern all the issues ... that have been presented to us today, including the one recently in riparian zones, that my fear, that all these have been curtailed somehow in this piece of legislation, just is not founded. And it disturbs me to hear the denigration of a piece of legislation without the knowledge of the overall statutes that govern those areas that they're denigrating.

And even though there's probably some parts of this piece of legislation that everybody ... that looks at it may not like, there's no place in here that

curtains multiple use, although it does make the timber the primary -- it doesn't even make it the primary use; it just gives it that priority. That's all it simply does.

Number 1976

REPRESENTATIVE GUTTENBERG said he's familiar with the Tanana Valley but not Haines. Referring to then-Senator Fahrenkamp's role in developing the Tanana Valley State [Forest], he said since that time, under her tutelage and many people's efforts, the management and development of its plan have involved a lot of stakeholders, compromises, and decades of work. However, this bill changes the priority so although multiple uses are possible, timber is the priority above all others. Whether the change may be right or wrong, he said testifiers have raised concerns and the standard is being changed just as the legislative session closes, even though legislators have the right to do so.

Number 1870

REPRESENTATIVE CISSNA expressed appreciation for testimony addressing the multiple ways the state's resources can be grown and used. She said she didn't think the state had done all the creative work possible, and suggested the longest-term solutions can be found by local entrepreneurs. She said this bill appears to counter the wisdom of allowing the consumers, rather than the law and government, to develop the market. She told members she'd rather hold the bill and see how it can be better crafted.

Number 1792

REPRESENTATIVE GATTO agreed with Representatives Guttenberg and Cissna, saying he got the bill late and there are significant changes. He said he'd like the opportunity to bring the bill back up after the coming interim, with some changes, and would recommend "do not pass" because he'd rather hold it and doesn't see the need to move it immediately.

The committee took an at-ease from 2:45 p.m. to 3:00 p.m.

CHAIR FATE announced that he wanted to move the bill out.

Number 1716

REPRESENTATIVE HEINZE moved to report CSSB 149(RES) out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE GUTTENBERG objected.

A roll call vote was taken. Representatives Morgan, Wolf, Gatto, Heinze, and Fate voted in favor of reporting the bill from committee. Representatives Guttenberg and Cissna voted against it. Therefore, CSSB 149(RES) was reported out of the House Resources Standing Committee by a vote of 5-2.

#### HB 196-CARBON SEQUESTRATION

Number 1664

CHAIR FATE announced that the final order of business would be HOUSE BILL NO. 196, "An Act relating to carbon sequestration; and providing for an effective date."

CHAIR FATE asked whether anyone wished to testify. [Lisa Weissler, staff to Representative Berkowitz, sponsor, offered to answer questions.] Chair Fate informed members that he likes the idea of the bill.

Number 1600

CHAIR FATE brought attention to Amendment 1, which was two amendments stapled together. The first page read [original punctuation provided]:

Page 2, line 13-16:  
delete all material.

Page 2, line 27:  
delete ", the Bureau of Land Management,"

Re-number subsections accordingly.

The second page read [original punctuation provided]:

Page 4, line 13:  
Delete "On or before January 31, 2004"  
Insert "Within nine months after the effective date of this section"

Page 4, line 15, following "prepare":

Insert "and submit"

Page 4, line 30:

Delete all material.

Insert new bill sections to read:

**\*Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to read:

DIRECTION TO SEEK FUNDING SOURCES. (a) The Department of Natural Resources shall immediately seek and apply for funding of the activities that would be authorized by secs. 2 and 3 of this Act by contacting the federal Department of Energy, the Pew Charitable Trust, and other appropriate federal and private sources.

(b) The Department of Natural Resources shall notify the revisor of statutes of the day on which the department receives approval of an application or applications under (a) of this section that would result in receipt of \$85,000 or more from federal or private sources.

**\*Sec. 5.** Sections 1 and 4 of this Act take effect immediately under AS 01.10.070(c).

**\*Sec. 6.** Sections 2 and 3 of this Act take effect on the day on which the department receives approval of an application or applications under sec. 4(a) of this Act that would result in receipt of \$85,000 or more from federal or private sources for the activities that would be authorized by secs. 2 and 3 of this Act."

[NOTE: Representative Berkowitz's staff later informed the committee off record that the foregoing was the wrong amendment. Although Amendment 1 ultimately was adopted, it is Chair Fate's concept, discussed during this hearing, that ended up in CSHB 196(RES).]

CHAIR FATE explained that the board will be expensive, even though there is a zero fiscal note. He reported that he'd talked with Representative Berkowitz about this. Chair Fate said he himself thinks it will be just as efficient and will provide just as much information if the Department of Environmental Conservation (DEC) and the Department of Natural Resources (DNR) study this and give every legislator a report

prior to the convening of the second session of the 23rd legislature. He indicated the amendment goes along somewhat with Representative Berkowitz's proposal, which had a little bit different time range.

CHAIR FATE said he believes this has merit. One of the big things about the amendment is to give information to every member of the legislature, not just this committee. Thus when the report comes from DEC and DNR, and probably from the Division of Forestry through DNR, it will be disseminated to provide information to every [legislator]. He mentioned the need for an effective date at the beginning of the second session of the 23rd legislature, which he said he didn't believe was in this amendment.

Number 1420

REPRESENTATIVE HEINZE moved to adopt Amendment 1 [text provided previously, but see note following the amendment].

REPRESENTATIVE WOLF objected for discussion purposes.

Number 1368

CHAIR FATE said the wording would have to include "within nine months after the effective date of this section" on the second page, relating to page 4, line 13. He suggested putting in the language "at the beginning of the second session of the 23rd legislature".

REPRESENTATIVE GUTTENBERG asked which day it would be.

CHAIR FATE said that would be determined, but [the first day of session] is already on the calendar.

REPRESENTATIVE WOLF said the amendment would include "an \$85,000 federal or private-source fund" that he surmised was for doing the study. He expressed concern that there is "a devil tied to this one," which is the Kyoto Protocol, a pollution-control treaty that the United States hasn't adopted. He said the principle looks great, but highlighted Alaska's vastness and wildfires that could cause loss of carbon credits until the trees are replanted. He specified that his concern with the amendment is that moving forward will cause \$85,000 to be spent just to see whether it works.

CHAIR FATE pointed out that there isn't a fiscal note to reflect the \$85,000. He asked Mr. Maisch how these huge forest fires and the resulting smoke will be handled with regard to carbon sequestration.

Number 1106

JOHN "CHRIS" MAISCH, Regional Forester, Division of Forestry, Northern Region Office, Department of Natural Resources, said it's not an issue that would be affected by this carbon sequestration bill. He explained:

Those are either natural or man-caused fires that certainly release a lot of atmospheric CO2 when they burn, but that would not affect a company's ability to sell carbon credits. The state would not have to ... try and put these fires out in a more rapid manner or do something to prevent those ... occurrences of emission.

Simply, this bill would allow people that can sequester carbon through reforestation programs or other programs - such as offsets of burning other fossil fuel, such as substituting wood for fuel-oil consumption, which would create an offset - you could trade that carbon credit to a company that needs a credit to reduce their emissions somewhere in the world.

Number 1041

CHAIR FATE advised Mr. Maisch that the committee was discussing an amendment that has to do with asking DEC and DNR to write a report about future potential and what the program is about, "an educational piece." He noted that there is lack of familiarity with carbon sequestration throughout the legislature. Rather than having a board of 14, he said this would ask just DEC and DNR to provide the legislature a report at the start of the next session. He asked, "Do you think that's a doable thing?"

MR. MAISCH said he couldn't comment, that it is a department-level matter, and that the department hasn't taken a position on whether to support this legislation or not.

CHAIR FATE said he wasn't asking for support, but about an educational report and what the department would think about that. He mentioned time limitations for departmental personnel

and so forth. "We would much rather do it this way because it seems much simpler than to have ... a very large board that even though we don't have a fiscal note on that board, could be very expensive," he added.

Number 0912

REPRESENTATIVE GATTO noted that an entity would first have to own carbon credits in order to sell them. He asked where they come from and who would declare that the entity owns them.

MR. MAISCH said it would be part of the certification and verification process. A third-party company would have to certify that the entity had sequestered carbon through some type of project such as reforestation on the Kenai Peninsula where spruce-bark beetles have destroyed the natural forest cover.

REPRESENTATIVE GATTO clarified his question: "Last year, I didn't know I had them. This year, I have a whole bunch and I'm allowed to sell them to somebody that I don't even know. Where did I get them from?"

MR. MAISCH replied that they've always been here, but suddenly they have an associated economic value because of the Kyoto Protocol. In further response, he said:

Essentially, because of that treaty, even though the United States has not ratified that treaty but other countries have, multinational corporations that do business in those other countries could sell and trade carbon anywhere in the world. And so projects in the U.S. could be purchased; those carbon credits could be purchased by companies that do business in these other jurisdictions, and they can get credit in those jurisdictions for those credits.

Number 0794

REPRESENTATIVE GATTO asked whether it's necessary to belong to the [Kyoto Protocol] in order to do this, since it may give an unfair advantage otherwise.

MR. MAISCH answered that one doesn't need to belong to the treaty under the current protocols to participate.

Number 0740

REPRESENTATIVE GUTTENBERG offered his assessment that the amendment would narrow the fiscal note to zero, since it says to go out and raise the money. He indicated all it does it request a report to be provided on the first day of the next session. If the legislature doesn't authorize it or keep something moving, then nothing happens.

Number 0670

REPRESENTATIVE WOLF maintained his objection.

A roll call vote was taken. Representatives Cissna, Gatto, Heinze, Morgan, Guttenberg, and Fate voted in favor of Amendment 1. Representative Wolf voted against it. Therefore, Amendment 1 was adopted by a vote of 6-1. [See note following the text of Amendment 1.]

Number 0606

REPRESENTATIVE HEINZE moved to report HB 196, as amended, out of committee with individual recommendations and accompanying fiscal notes.

REPRESENTATIVE WOLF objected.

A roll call vote was taken. Representatives Guttenberg, Cissna, Gatto, Heinze, Morgan, and Fate voted in favor of reporting HB 196, as amended, from committee. Representative Wolf voted against it. Therefore, CSHB 196(RES) was reported out of the House Resources Standing Committee by a vote of 6-1.

Number 0543

REPRESENTATIVE WOLF, noting that the committee also had just passed SB 149 concerning the state's timber, remarked, "This one requires that we cut our old-growth forests."

CHAIR FATE offered that HB 196 just enables a report and doesn't authorize any program. He indicated he'd like to learn more about this. [CSHB 196(RES) was reported from committee.]

#### **ADJOURNMENT**

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 3:10 p.m.