

# FISCAL NOTE

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

Bill Version HB 79  
Fiscal Note Number 1  
(H) Publish Date 1/18/13

Identifier (file name) LL 0741-DNR-DOF-1-14-13 Dept. Affected Natural Resources  
Title Sale of timber on state land and Susitna State Forest Appropriation Resource Development  
Allocation Forest Management & Development  
Sponsor Rules by Request of the Governor  
Requester Governor OMB Component Number 435

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>	<b>FY14</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

FUND SOURCE		(Thousands of Dollars)					
1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)						
1037	GF/MH (UGF)						
1178	temp code (UGF)						
<b>TOTAL</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY13) operating costs 0.0 (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY14) costs 0.0 (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended, or repealed? \_\_\_\_\_ Discuss details in analysis section.

**Why this fiscal note differs from previous version (if initial version, please note as such)**

Not applicable, initial version.

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Approved by Daniel S. Sullivan  
Commissioner, Alaska Department of Natural Resources

Phone 451-2660  
Date/Time 1/14/13 5:00 PM  
Date 1/14/2013

## FISCAL NOTE ANALYSIS #1

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. HB 79

### Analysis

This bill would establish a new State Forest , and broaden the options for negotiated timber sales on state land.

Implementation of this bill will not require new positions or funding. The Division currently already manages land classified for forestry use by regional area plans and the Division of Forestry has an active timber management program in place.

The bill will have no short-term impact to the revenue stream, but will provide for long-term increases in forest productivity and subsequent increased timber revenues.

#### I. Susitna State Forest

This bill would establish the Susitna State Forest in the Matanuska and Susitna Valleys from state land presently classified for forestry management by the two area plans for the region. These lands are currently managed by the Department of Natural Resources for timber harvest and other multiple uses. Legislative designation of these lands as a State Forest will ensure the long-term availability of a timber supply for local commercial and personal use, support economic opportunities for the region's communities, improve access to the parcels, and retain the land in state ownership for multiple uses. The State Forest will also support the growing interest in wood energy projects in local communities. These projects require a long-term, sustainable wood supply.

The proposed State Forest includes 33 parcels totalling approximately 763,200 acres in 14 large management blocks. The Susitna State Forest would become part of the State Forest system managed under AS 41.17.200-.230 and the Alaska Forest Resources and Practices Act (FRPA, AS 41.17) which is design to protect fish habitat and water quality, and ensure reforestation. A state forest management plan would be prepared and adopted through a public process as required by AS 41.17.230.

#### II. Negotiated timber sales

This bill would expand the conditions under which the state could offer negotiated timber sales under AS 38.05.110 and .118. Under the existing statutes, the Department of Natural Resources (DNR) may not offer negotiated timber greater than 500 thousand board feet unless the sale area has high unemployment, underutilized manufacturing capacity, and an underutilized timber supply that will lose value due to insects, disease, fire, or conversion to nonforest uses. These criteria prohibit larger negotiated timber sales in many areas of the state that are actively managed for forestry, and where there is high demand for wood for timber products and biomass energy. This bill would allow DNR to offer negotiated sales statewide within the limits of the sustained yield supply, and subject to a best interest finding under AS 38.05.035.

While it is anticipated that for most timber sales, a competitive bid process will continue to be in the best interest of the state, this bill would enable DNR to better respond to the economic realities and variability in the forest sector.