ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE
January 19, 2018
3:30 p.m.

MEMBERS PRESENT

Senator Cathy Giessel, Chair
Senator John Coghill, Vice Chair
Senator Kevin Meyer
Senator Click Bishop

MEMBERS ABSENT

Senator Natasha von Imhof
Senator Bert Stedman
Senator Bill Wielechowski

COMMITTEE CALENDAR

OVERVIEW: FORESTRY DEVELOPMENT, OPPORTUNITIES, AND RESTRICTIONS

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

HEIDI HANSEN, Deputy Commissioner
Department of Natural Resources (DNR)
Juneau, Alaska
POSITION STATEMENT: Introduced Division of Forestry overview.

CHRIS MAISCH, Director
Division of Forestry
Department of Natural Resources (DNR)
Fairbanks, Alaska
POSITION STATEMENT: Provided Division of Forestry overview.

ACTION NARRATIVE

3:30:24 PM

CHAIR CATHY GIESSEL called the Senate Resources Standing Committee meeting to order at 3:30 p.m. Present at the call to order were Senators Coghill, Bishop, and Chair Giessel.

Overview: Forestry Development, Opportunities, and Restrictions

3:31:07 PM
CHAIR GIESSEL announced the only order of business to be the overview on forestry development, opportunities, and restrictions by the Department of Natural Resources' (DNR) Division of Forestry. She related that 20 million acres of state land is managed by the State Forester. Alaska has the largest forest in the country, the Tongass National Forest.

In terms of access for multiple use, the Tongass has also been a source of contention between the state and federal government. The Alaska State Forests are therefore the primary means of keeping the timber industry viable. Managing timber sales and the economy of the communities that rely on the forests for their way of life is the charge of the presenters.

3:31:23 PM
HEIDI HANSEN, Deputy Commissioner, Department of Natural Resources (DNR), introduced the presentation saying it would provide an overview of timber industry regional differences and scale, markets, products, and types of facilities, primary manufacturing, log export, secondary manufacturing, non-timber forest products, and woody biomass projects including the scale and types of fuels.

CHRIS MAISCH, Director, Division of Forestry, Department of Natural Resources (DNR), said he would start with an overview of the primary forest products businesses and their locations around the state. He used a 2015-map, explaining that this information gets updated every five years in a timber product output report that comes out through a program using the forest inventory analysis and their federal partners. This document has all kinds of information about forest products in the state. Three of the reports cover different sections (the URLs will be provided) and are provided by the University of Montana that has contracted nationally to help states do this type of work.

3:32:38 PM
SENATOR MEYER joined the committee.

MR. MAISCH pointed out that the map displayed mill types: saw mills, log home manufacturing facilities, cedar products, fire

wood, tone wood (for musical instruments), and fuel pellets. There were about 60 primary forest product manufacturers in Alaska as of 2015, and the Alaska forest products industry had a total sales value of about $114 million including sawn material and export logs. This trend represents about a 19-percent decrease from 2011 (the five-year span between reports). It dropped 35 percent during the previous five-year period. The trend line has been "pretty horrendous" for the decrease in value, primarily occurring in Southeast Alaska.

He pointed out a bright spot hidden in those numbers: exclude the log export and residual part of those numbers show that primary wood products manufacturing actually rose by 28 percent in the last five-year period, and their sales were $23 million in value. Sixty-six percent of those products are sold to markets in the state.

MR. MAISCH said the workforce peaked during 1989, and the forest products sector had 4,200 workers. Today, there are about 1,215 workers. That includes logging, forestry work such as tree planting and thinning, as well as the actual wood products manufacturing. About 58 percent of those numbers are in the wood manufacturing piece and the remainder are in the service and logging side of things.

3:35:31 PM
MR. MAISCH said there are different scales of timber production in the state, because of the different forest types. Southeast has the Viking Sawmill located in Craig. It is the largest saw mill currently operating in Alaska. They make a wide range of sawn products for export and domestic use, but primarily for export. Very important for this facility is that it has both deep-water port tidewater and road access. Those are key things for any type of facility to have if it is in Southeast. He showed a picture of a head rig cutting an old growth log inside the mill, which is producing lumber and 35 different specialty products for customers around the world, but primarily Asian customers. A by-product of this process is wood chips and saw dust, some of which gets used in the biomass piece of the equation. He said this mill produces way more volume than can be used in-state. So, a lot of the chips go down south via barge to a paper mill.

CHAIR GIESSEL asked the difference between old growth and new growth timber.

MR. MAISCH answered that old growth is a term that is typically used to describe large, older logs for forests that occur all over Alaska, both the boreal forest and the Southeast Alaskan coastal rain forest that has much larger trees than up north. It is typically an age-based measurement that depends on who you talk to about where the cut-off is between old and young growth. But, typically once a tree in Southeast Alaska is pushing into the 150+ range in age, it is talked about as an old growth tree. It can get much older. The California Redwoods are a good example of old growth by most people's definition. In the Interior to be old growth, a white spruce tree would have to be in the 150+ age class. That doesn't happen a lot because of the fires there. He has measured a white spruce as old as 360 years old on an island in the Yukon River where the fire couldn't get to it, and that eventually got killed by bark beetles.

Young growth is timber that has been harvested once. Most of the Lower 48 is on third, fourth, and fifth growth forests; sixth and seventh in some places. He showed a picture of young growth logs in the Kasciusko area of Southeast Alaska where the trees are 65 years old with the largest being about 25-26 inches in diameter at the butt.

3:38:55 PM
SENATOR MEYER asked if timber is considered a renewable energy source.

MR. MAISCH answered yes: the UK and EU countries, as part of their climate mitigation strategies, consider wood fuels as carbon neutral. The one key is that they have to be sustainably (not cutting into the principal of the forest) produced and managed appropriately.

SENATOR MEYER asked if trees in Southeast are second growth and if they were all cut down at one time.

MR. MAISCH answered yes; it was developed pretty heavily for the mining activity.

3:40:17 PM
He showed a picture of another important piece of infrastructure in Southeast called a log transfer facility (LTF). It's where logs are placed from the land into the water. They are mostly destined for one of the state's Asian customers of which China is the main one for young growth material. Another map depicted some of the Chinese ports that logs are shipped to.

3:41:24 PM
MR. MAISCH gave a "shout out" to a sister division, the Division of Agriculture, because it provides a very important inspection service for a "phytosanitary certificate" that must be issued before the logs can move into other countries. It ensures the importing country that the logs are free from insect pests. One particular pest of concern is a pinewood nematode.

They also have an option to do third-party fumigation, because when China first opened-up its market there weren't many ports that had onshore fumigation facilities. So, the fumigations were being done onboard the ship in South Korea; the logs didn't leave the ship, but they were fumigated in place in the hull. Alaska's Division of Agriculture sends a phytosanitary inspector there to observe that process and to certify that it was done correctly and for the amount of time required. Industry pays for that: inspection fees as well as all the travel association with that activity. It's critical to this market.

MS. HANSEN said last year the state sold 80.3 million board feet of timber for export, valued at $74.3 million.

MR. MAISCH added for the period of 2003-2013, the value of exported logs was about $1.2 billion.

CHAIR GIESSEL asked if the fumigation process could be done here in Alaska.

MR. MAISCH replied in most cases fumigation is done before the logs depart the country of origin, but not in Alaska because it has cold weather, lack of facilities to do this kind of fumigation, and primarily because there is not enough volume to amortize the investment costs. That could change at some point, but this map depicts the ports in China that all have onshore fumigation facilities. Two were added just this last year.

3:43:50 PM
CHAIR GIESSEL asked if Canada is a competitor and if they go to China, also.

MR. MAISCH answered yes; there are many world-wide competitors: New Zealand, Canada, South America, the Scandinavian countries, and Russia (their logs move across their border as opposed to through the ports). Another map depicted that Alaska is very close from sailing time to the Asian market and that provides a cost advantage.

3:44:33 PM
He said Superior Pellets, LLC, is located in North Pole. It is a primary manufacturing facility that produces wood pellets. The wood comes in as a wood chip and goes through a hammer mill to make them even finer, almost like a rock flour. That is processed, dried, and forced through dies that press it into pellets. These pellets are used both in residential and commercial space heating facilities.

3:46:22 PM
He next depicted the different scale of manufacturing facilities: a log turning mill that turns logs to uniform diameters to make it easy to produce log homes, a Wood Miser ban mill for dimension timber.

3:47:00 PM
He said secondary hi-value manufacturing is not as prevalent, and Haines Fairweather Ski Works is one product that has a world-wide reputation. Custom-nested birch bowls are from Fairbanks and Mat-Su Kahiltna Birch Works makes syrup using reverse osmosis to concentrate the sap first to a 70:1 ratio.

3:50:24 PM
MR. MAISCH next looked at the types of wood fuels and the scale of the operations. Wood biomass consists of wood chips, solid wood, and pellets. Some systems in Alaska use all three of these fuel sources to produce heat and some power.

The Alaska Energy Authority (AEA) produces a map of feasibility studies for wood biomass projects that have been completed in the state as part of its renewable energy program, as well as where projects are actually operating and under construction or design. Tremendous progress has been made over the last 12 years. The smaller the community the more impact these kinds of facilities have.

3:51:23 PM
Ketchikan has a relatively new project that uses pellets to heat the airport. One can look right into the boiler room and see the boilers that use locally produced pellets and pellets from the Pacific Northwest.

3:52:48 PM
A two-year old Galena woody biomass heating system uses a Messerschmidt boiler that burns wood chips. The one boiler is on a loop that heats 17 old military buildings. Notably, some of

the wood comes from Native corporation land and a 20-year state sale.

3:54:21 PM
The Village of Tanana uses model 2000 solid wood boilers that are like a big wood stove. The community is not big enough to support a chip system. The boilers need to be fired only two times a day even in the coldest weather, because it is so clean-burning. The energy is stored in a big water jacket around the boilers. The biggest installation he had seen of one of these is a school that has three boilers chained together.

SENATOR BISHOP commented that he is telling the truth: the exhaust emission from these boilers is amazingly clean.

3:55:43 PM
MR. MAISCH demonstrated the employment opportunities that occur in a community like this. A resident goes out on his own on either tribal or state lands with a permit and harvests wood that he brings into the city, which owns the boilers, and sells the wood to the city. Quite a few people sell wood. The best story about this is that a family from Stevens Village worked for about a month putting together a large raft of wood that they harvested; they floated the logs down the Yukon River and pulled it up to the shore and sold it the city of Tanana. Just operating and maintaining this equipment creates jobs.

An exciting development is happening in Fairbanks called Volter. It is the first small-scale opportunity to produce electrical energy from wood and comes out of Finland. Many of these units are installed in community buildings and provide power and heat to 15 homes. The process is called "gasification." Biomass goes in the top - in this case, wood chips. It is dried "in paralysis" and when air is added, it combusts. That produces a gas that is forced out of the system and gets burned in a regular combustion engine. The product is cleaned and called syn-gas. This machine operates very reliably, and the heat load goes to the Big Dipper Ice Arena in Fairbanks. It is in the process of being set up and tested over the course of this year, including air emission testing which is going to be done by the University of Alaska Cold Climate Housing Research Center. If this pans out, it can make a big difference in a lot of small rural communities.

3:59:26 PM
MR. MAISCH said that concluded the overview on what the industry looks like in the state right now, and next he wanted to talk

about what is needed to maintain and grow the industry. The first thing is a stable land base that is dedicated for forest management and produces a consistent reliable offering of timber sales. The best way to do that is through a mix of land ownership: private, state, Mental Health Trust and University Land Trust, and federal land (weak). Next is access to domestic and international markets.

The state has a range of timber sale options. Long term sales of 10-25 years is what the industry likes to amortize investments if they are building capital investments. The continued use of the "Good Neighbor Authority," a relatively new authority with the federal government, allows the state to do work on federal lands on their behalf, helping them get wood and other products moving again off the national forests.

Next, Mr. Maisch said, Alaska has three distinct types of forests: the boreal forest up North (Region 3), the transition forest where the boreal forest meets the coastal rain forest, and the true coastal rain forest. The division regulates commercial timber harvests on state, private, and public lands in the state as part the Alaska Forest Practices Act.

4:02:24 PM
There are three state forests: the Haines State Forest (286,000 acres) created in 1982, the Tanana Valley State Forest (1.8 million acres) created in 1983, and the Southeast State Forest (48,500 acres) created in 2010 and expanded in 2011. Those acres have played a large role in keeping the current timber industry alive in Southeast Alaska.

He explained that Alaska has candidate state forests identified in [Administrative Order] AO-258, (under the Parnell administration) that have been recommended to be considered for state forest designation including the Susitna, Copper River, Icy Bay, and on the Kenai.

4:03:22 PM
He displayed a map depicting the Tanana Valley State Forest. It has two parts; one is the actual designated acres that are in the state forest (in the dark colors), and the classified forest lands that have been classified for forest use in the Area Planning process. So, they aren't actually in the state forest, but still are managed by the division. All the area plans zone different parts of state ownership for either wildlife, forestry, recreational, disposals, and hi-level zoning. Having the long-term management piece of being classified or a state

forest are the two key things that potential investors are going to look for in terms of a secure land base, he said.

4:04:25 PM
MR. MAISCH displayed a slide of the Haines State Forest that showed what kind of mills Alaska had about 10 years ago. Icy Straits Lumber is still there in Hoonah. It is a relatively small mill that can do a couple million feet of production a year of very specialized material. The Viking Mill is the last large mill in Southeast Alaska. The other two are gone since the map was produced.

4:05:12 PM
MR. MAISCH next reviewed the state timber sale methods and types. Statutes have five ways to offer timber sales:

-Competitive sale process (AS 38.05.120).
-Small negotiated sales (AS 38.05.115). Under a half-million feet to smaller operators in the Interior mostly.
-High-value added, negotiated sales (AS 38.05.123.). Only one sales in Fairbanks has been done with Superior Pellets. Although with the energy price crash they have not signed the contracts.
-Large negotiated sales (AS 38.05.118). In Southeast mostly. It's a similar process to the .123; the main difference is they do not have to be producing value-added products. This is the way state wood is moved to local mills in Southeast, because they are at a competitive disadvantage to the logs in the export market.
-Salvage sales (AS 38.05.117). Have to be distressed wood, either disease or insects.
-Personal use sales (AS 38.05.850). Individual permits and wood for a family, basically.

4:09:02 PM
MR. MAISCH next listed the steps in a timber sale program, adding that the state's process is much more streamlined than the federal process. The two trusts have an even more streamlined process than the state does.

-Five-year schedule of timber sales (FYSTS): AS 38.05.113. These are put out about every two years for each of the area offices, although they can be put out yearly. A buyer can look out over a five-year period to see what kind of volume and sales will be available. They take comment on it, but it is not a document that requires a decision.

-Best Interest Finding (BIF): AS 38.05.035 (e)(6)(A). A decision is made to dispose of a timber or not. It is appealable. Appeals go to the commissioner's office. There were very few appeals until a few years ago when more work was happening in Southeast Alaska. Some of the NGOs that do not like wood to be sold have filed administrative appeals. Every sale in the last two years have been administratively appealed, but the department has won all five cases in court. They are currently working through several appeals and expect to bring those sales out this year.
-Forest Land Use Plan (FLUP): AS 38.05.112. Site specific information (seeing where the roads are going to go) about a sale once it has been designed. This information is for the industry and the public. It is also a decision document that can be issued concurrently to save time or separately. Typically, the regular sale program (0-5 years in length) are issued concurrently. The BIF is required to run 21 days, but FLUPS are required to run 30. So, he just runs them both 30 days to avoid confusion.

MR. MAISCH said one of the challenges for long-term sales of FLUPS is that all the work on the ground needs to be done, which requires staff and money. So, they have been preparing the FLUPS in five-year increments within the 20-25-year sale.

4:12:57 PM
Unfortunately, these sales haven't worked out in every case. The one they spent a lot of time and energy on was a combined heat and power facility (AP&T) in Tok. When energy prices spiked, it made a lot of sense, because they are an isolated grid that only used diesel for producing energy, and they proposed to purchase a long-term sale from Alaska to help convert their facility into a wood-fired power plant. They started with the .118 process, because they didn't think anyone else would compete with the local utility. But they got a long way through the process and all of a sudden competition, Young's Timber, showed up. Quickly the department became convinced it did not want to choose the winner or loser there and went to a .120 process (a competitive sale). This happened over a two-year period, but when it finally came time to put the sale up, no one bid on it.

4:14:00 PM
SENATOR BISHOP asked what it cost to do that and then have no sale.

MR. MAISCH replied a lot of time, staff, funding, and energy, but added that this was done during the fiscal "good days."

4:14:44 PM
SENATOR BISHOP asked if there is any kind of recourse. Didn't he have performance contracts?

MR. MAISCH said that has been discussed a lot and some up-front bonding is being considered. Both these parties were serious, but conditions changed.

4:15:27 PM
The Galena space heating project is a real success, he said. The .120 process was used. Usually a community has one utility, so they are not really competing. This is a 20-year sale that will provide a commitment to provide the wood resources needed for that facility. The agreement is ready to execute, and the community is very happy about it. They are cutting some cottonwood hard wood stands and some spruce stands. Cottonwood and aspen come right back, and all of a sudden moose and other animals are attracted, a food security piece. So, biomass protects from fire, provides employment and moose for food.

4:16:47 PM
MR. MAISCH said Japan is committed to turning off its nuclear power generators to produce electricity, because of the Fukushima incident in 2011. One of the things they are looking at is going to biomass, because it's climate friendly as opposed to some of their other options. So, they are looking around for potential commitments for long-term fiber supplies. The state has had three or four companies "kick tires" with the Division of Forestry about what kind of commitments can be made in the Susitna Valley (that has no state forest) to supply wood. Because this wood is going to be used in utility generation, the power production has to be certified by a third-party certifier, the Forest Stewardship Council or the SFI, as being sustainable.

4:18:31 PM
He said getting certification is not a simple process. For instance, certifying the Southeast State Forest would be done in two phases. Phase I is review of the SFI standard including required documentation (evidence manual) that third-party auditors will look at. The third-party consultant works with the division to develop the documents and basically dry-runs an audit. Then an accreditation certified body, another consultant, comes in and runs through the audit to the SFI [Sustainable Forest Initiative] standard. The SFI takes about 8 months and

for the Southeast State Forest (about 50,000 acres) it will cost about $19,000 plus travel expenses for the auditors, which might double that.

Luckily the SFI has a Partner Program, that consists of the five biggest paper-using customers that want certified wood and are willing to underwrite some of the certification costs, because they want to assure having a good supply world-wide. This would save the division about $9,300.

4:21:01 PM
SENATOR BISHOP asked who the Sustainable Forest Initiative is and where they are located.

MR. MAISCH replied that SFI is a U.S.-based initiative that originally came out of the Pulp and Paper Association, but has spun off into its own non-profit organization in response to the FSC [Forest Stewardship Council] standard, which was started up by environmental interests. He explained that the FSC standard takes a lot more time and looks at some social and environmental considerations and has some restrictions on certain types of timber, like old growth.

4:22:20 PM
Phase II is the ongoing audit after certification. One part of an operation is audited every year to "keep you on your toes."

MR. MAISCH said accessing the energy market requires this process. A good example is the exploding southern U.S. pellet industry that goes to the UK and EU to produce energy. They shut off their coal plants and are switching to wood, because of the climate piece. They need that sustainability certification. Recently, Florida, North Carolina, and Arkansas have all certified under the SFI standard. Almost all of the southern states are certified under that standard and some states are dual-certified.

The Asian markets have not moved as quickly in this arena, but they will potentially be a customer for the same type of product.

He said that certification also helps the social license to actually manage a forest, because a third-party comes in and gives a top-to-bottom review of a business, which would probably help in court in the case of a challenge. The Forest Service in Southeast is considering certification at the same time the

state does, because it will help with costs and some of their litigation.

4:24:47 PM
SENATOR COGHILL asked if the 48,000 acres in Southeast is the critical element in this certification, because it is more likely to be an international sale.

MR. MAISCH replied that it isn't, because some of the volume off Forest Service lands can be exported in the round. It is unique to Alaska, but it requires an exemption by the Regional Forester for each project. However, there is no market for young growth logs here, and that is the only way to move that material. The state is managing both kinds of logs and the young growth ones are coming into their own. In 15-20 years there may be significant volumes (100+-year). The division is in year-three of conducting a forest inventory looking at the young growth resource on federal and state lands to provide better projections on how much wood comes on year-by-year and decade-by-decade.

4:26:27 PM
He said there are some real benefits and risks with this certification, but if he diverts staff to work on it, he won't get a timber sale out, and he has to get a timber sale out, because that is what the timber industry is surviving on now.

4:27:21 PM
In Southeast and all around the state, access is key to all, as well as keeping it and developing it. In better days, the department got some roads to resources funds from DOTPF, through receipt services authority (RSAs), and direct appropriations to help build infrastructure around the state. He said eight miles of road and six bridges were completed this year on Gravina Island that will access a significant new volume in the Southeast State Forest as well as Forest Service volume. These are resource development roads and not meant to be public highways. They have turn-outs and are made for truck hauling, but they are still multiple use roads that can be used by the public.

He said that DNR is the only other state agency beside Department of Transportation and Public Facilities (DOTPF) that has road construction authorities and those come them through their timber sale program. Typically, the costs of the infrastructure are taken off against the appraised value of the wood in their timber sales. They take a lower price on the stump

for the wood, but get a road system or a bridge for it. It has kept things going in the absence of capital appropriations.

4:30:22 PM
MR. MAISCH said the division has partnered with the Forest Service on several fronts to make the Tongass a friendlier place to do business. He does the inventory work and workforce developing under the Good Neighbor Authority and challenge cost share program and has developed "five working circles." Each of the working circles has a log transfer facility at the center. This is important to the Forest Service, because that is when they appraise the timber sale. Right now, they don't have enough appraisal points around Southeast and the farther away they do it the more it costs. He also has lists of key infrastructure pieces that would be helped by connecting road systems that are currently isolated.

4:31:46 PM
MR. MAISCH said 19 states participated in the "Good Neighbor Authority," which allows them to do work for the Forest Service. His division's first work was a 29-million-foot timber sale on Kosciusko Island. It is most of the volume the Forest Service sold this year on the Tongass and is all young growth. It went for double the appraised value ($2.6 million). The division uses a unique "purchaser layout," where the state lays out a third of the sale and the purchaser of the sale will lay out the other two-thirds (monitored by the division). The goal is to do two Good Neighbor Authority projects a year with the Forest Service. Teed-up for this coming year is one at Gravina Island, which a new road will help access, and a salvage sale on Heceta Island.

4:33:26 PM
CHAIR GIESSEL asked if "layout" means cutting the trees down.

MR. MAISCH answered no; it is when the sale is designed on the ground: marking the boundaries and figuring out the transportation system, skid trails, and such, so the timber can be harvested.

4:34:40 PM
Another product for Alaska young growth is called "mass timber" or "cross laminated timber" (CLT); and another is mass plywood panels (MPP). These products were used in Europe for 15-20 years before migrating to North America. It allows building hi-rise buildings out of wood, and it has revolutionized mid-level buildings. Basically, panels of wood are laminated one over the other on a 90-degree rotation, creating a very strong product.

Several buildings have been built in North America using CLT, but building codes had to be adjusted, because most codes don't allow more than three stories for wood. Studies have revealed that this produce chars on the outside and that insulates the rest of the core from burning. A steel beam will fail before a piece of CLT will fail on the weight test.

Interestingly, an engineering firm partnered with an architectural firm in designing a building. So, when these products are made each panel is custom-cut. It saves about one-third of building costs over concrete and steel. It saves labor, because you pick them right off the truck; you don't have to wait for concrete to cure and don't need the steel to go into it. This allows linear integration for selling a building rather than just dimension material. It has quite a lot of potential, especially in China or Japan. This is the vision that some are starting to think about for the young growth wood in Southeast, because it can't compete with the rest of the world for dimension lumber. The forest inventory will tell them when that will happen, which could be as soon as 10 or 15 years.

4:38:29 PM
SENATOR COGHILL said the rotation would have to be well-thought-out, because new growth comes out at about 65 years. Is it exactly the same kind of tree and is the rotation every 65 years?

MR. MAISCH replied that is not same kind of tree, and an old growth log will have much different growth characteristics than a young growth log. The old growth log will have tighter grain, for instance. It will also depend on the site and soil, but for good sites in Southeast, 65 years would be the rotation life, maybe 50 or 45, but on average 90-120 years for all different types of forests.

SENATOR COGHILL said our partnership with the federal government will be pretty important since part of the certification is for sustained growth.

MR. MAISCH answered yes. When calculating an annual cut, all the differences will be taken into account in predicting what an even flow off the forest might look like based on growth. Stands that are further away have to be mixed up with stands that are closer, as well, so all the expensive stuff isn't offered in one year and the cheap stuff in another year - to keep the costs in line. "Regulating a forest" is the technical term.

SENATOR COGHILL discussed the merits of Interior white spruce.

MR. MAISCH agreed that it is "nice wood to build with," and that Interior white spruce grows slowly.

SENATOR COGHILL said that the Interior was doing most of the harvesting in Alaska.

MR. MAISCH agreed and said the Interior is a bright spot, but the industry is slowly growing while the state establishes a stable land base that people can bank on.

SENATOR COGHILL said the Interior state forest bumps up against Park land and Bureau of Land Management (BLM) land and asked if the division gets to work with the Park Service much.

MR. MAISCH answered no; the Park Service doesn't cut trees. His division has done some work with BLM, but they don't sell much timber. He didn't know if they even had a forester. The Good Neighbor Authority could be used with the BLM, but the NEPA process would have to be followed

4:43:15 PM
SENATOR COGHILL asked what tone wood sells for.

MR. MAISCH replied that is a closely guarded secret. Several piano companies buy it. It is old growth wood and has to be evaluated after it is cut to meet criteria.

SENATOR COGHILL said it is great that someone looks to Alaska for that product.

MR. MAISCH said that one mill in Southeast specializes in tone wood. It's a small operation that does veneers out of the spruce for string instruments.

CHAIR GIESSEL said that was a really interesting presentation and thanked the presenters.

4:45:13 PM
Finding no further business to come before the committee, CHAIR GIESSEL adjourned the Senate Resources Standing Committee meeting at 4:45 p.m.