ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE
March 1, 2019
1:02 p.m.

MEMBERS PRESENT

Representative John Lincoln, Co-Chair
Representative Geran Tarr, Co-Chair
Representative Grier Hopkins, Vice Chair
Representative Sara Hannan
Representative Ivy Spohnholz
Representative Dave Talerico
Representative George Rauscher

MEMBERS ABSENT

Representative Chris Tuck
Representative Sara Rasmussen

COMMITTEE CALENDAR

PRESENTATION(S): STATE FORESTRY AND TIMBER INDUSTRY UPDATE

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

JOHN "CHRIS" MAISCH, Director and State Forester
Division of Forestry
Department of Natural Resources
Fairbanks, Alaska
POSITION STATEMENT: Provided a PowerPoint presentation entitled, "Forestry Update," dated 3/1/19, and answered questions.

OWEN GRAHAM, Executive Director
Alaska Forest Association
Ketchikan, Alaska
POSITION STATEMENT: Provided a PowerPoint presentation entitled, "Timber Industry Update," dated 3/1/19, and answered questions.

JAELEEN KOOKESH, Vice President, General Counsel and Corporate Secretary
Sealaska Corporation
Juneau, Alaska
POSITION STATEMENT: Provided a PowerPoint presentation entitled, "Values in Action," dated 3/1/19, and answered questions.

ACTION NARRATIVE

1:02:17 PM

CO-CHAIR JOHN LINCOLN called the House Resources Standing Committee meeting to order at 1:02 p.m. Representatives Hannan, Spohnholz, Hopkins, Tarr, and Lincoln were present at the call to order. Representatives Talerico and Rauscher arrived as the meeting was in progress.

PRESENTATION(S): STATE FORESTRY AND TIMBER INDUSTRY UPDATE

1:02:38 PM

CO-CHAIR LINCOLN announced that the only order of business would be presentations by the Division of Forestry, Department of Natural Resources, and by representatives of the timber industry.

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JOHN "CHRIS" MAISCH, Director and State Forester, Division of Forestry, Department of Natural Resources (DNR), informed the committee his presentation would be updates on the status of the forestry industry across the state and on the bark beetle epidemic. Slide 2 illustrated the percent of the Alaska forest owned by the federal government, the U.S. Forest Service (USFS), Department of Agriculture, the state, local government, and private landowners. Conditions that maintain or grow the forest products industry in Alaska include (slide 3):

- a stable land base - that is also a mix of state, private, trust and federal lands - allows companies to invest in facilities to produce forest products
- access for forest products to markets inside Alaska, on the U.S. West Coast, and abroad
- timber sale options, including those of 10 years or more

- Good Neighbor Authority (GNA) allows states to conduct work on national forest land; two projects are underway in Southeast Alaska
- access to resources through the rulemaking process to [amend the Forest Service 2001 Roadless Area Conservation Rule (Roadless Rule)]
- a trained workforce

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REPRESENTATIVE SPOHNHOLZ asked for clarification of "UTL" land held in trust.

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MR. MAISCH said [some land available to the forest industry] is [federal and state land granted to the University of Alaska (UA) and held in trust to generate income], University Trust Land (UTL)].

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REPRESENTATIVE HANNAN asked for more information on the aforementioned ongoing GNA projects in Southeast Alaska.

MR. MAISCH said one is a sale of approximately 30 million feet of young-growth timber located on Kosciusko Island; the other is a sale of approximately 13 million feet of state timber and approximately 3 million feet of young-growth timber in the national forest on Gravina Island. In addition, a project on Heceta Island is upcoming.

REPRESENTATIVE HOPKINS asked for information on the sale of UTL in Haines.

MR. MAISCH explained the Haines land sale is a combination of UTL, Alaska Mental Health Trust [created by the Mental Health Trust Enabling Act of 1956], and DOF forest lands; UTL is the lead agency and majority owner. The sale is of approximately 150 million feet of timber; he said he was unsure of the current status of the sale.

REPRESENTATIVE HOPKINS questioned why the forest industry has a problem maintaining a trained and motivated workforce.

MR. MAISCH advised few individuals are pursuing professions in natural resources, which has created a nationwide shortage of

foresters, miners, and loggers; in fact, DOF recruiting efforts have failed to fill open positions in Ketchikan.

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CO-CHAIR TARR asked how old- and young-growth harvests differ.

MR. MAISCH informed the committee the USFS definition of old-growth timber is older than 150 years of age; the aforementioned young-growth trees on Kosciusko Island are about 65 years old and are the oldest young-growth in Southeast Alaska, having grown after large-scale logging in Southeast began in the 1950s. Typically, in the best growing sites, there are young-growth trees up to 65 years of age that are economic to harvest; however, waiting another 20 years would yield the maximum harvest per acre. Currently, DOF struggles to find sufficient volume to harvest thus a mix of old- and young-growth is harvested to support the mill at Viking Lumber Company located on Prince of Wales Island. Because there is no mill in Southeast, young-growth timber in round log form is marketed to China. Most of the Alaska state forest is old-growth, which goes to the Viking Lumber Company mill.

CO-CHAIR LINCOLN inquired as to the features of old- and young-growth timber that affect marketing.

MR. MAISCH said there are different characteristics of wood quality because old-growth trees are larger and have grown slowly. Some products like musical instruments require high quality wood from special old-growth trees, and other commodities can use young-growth trees that are smaller in diameter. In the Interior, the forest is "basically sawtimber-sized material."

MR. MAISCH continued to slide 4 and informed the committee the Alaska Forest Resources and Practices Act has been in effect in Alaska since 1989 and has been updated three to four times. The Act seeks to protect water quality and fish habitat on private land, state land, and other public land in Alaska and regulates commercial forestry practices. Furthermore, DOF is the primary agency that oversees the Act, in coordination with the Alaska Department of Fish and Game and the Department of Environmental Conservation. Slide 5 was a map of forest practices regions in the state: Region Three has boreal forest of white spruce, birch, aspen, and cottonwood; Region Two has a transitional forest between boreal forest and temperate forest; Region One has a temperate rainforest of Sitka spruce, hemlock, yellow

cedar, and western red cedar. Because the regions cover different types of forest, there are different rules to govern commercial practices and protect fish habitat and water quality. Slide 6 began a statewide overview of forest products including manufacturing, exports, and products. Slide 7 was a map of forest products business locations; Mr. Maisch pointed out there are lumber mills along the Railbelt and in areas in Southeast with good access. The largest mill is the Viking Lumber Company sawmill, located in Craig, which processes approximately 20 million to 30 million feet of sawn product per year for export to markets in Asia, the U.S. West Coast, and Canada (slide 8).

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MR. MAISCH explained slide 9 pictured manufacturing facilities including a head rig cutting an old-growth log, and equipment processing chips and sawdust for compressed wood logs and pulp. He further described two Southeast log export operations that were pictured on slide 10. Mr. Maisch restated the primary market for young-growth logs is China; China has five ports with phytosanitary inspection fumigation facilities provided by the Division of Agriculture, DNR, to certify that logs are pest-free. The logs are fumigated onboard ship or at port facilities. He advised the log value last year was $74.3 million in exports and for the last ten years the log value was over $1.1 billion; logs are exported primarily to Japan and China, and also to Korea. Slides 12 and 13 pictured operations at the Superior Pellet mill in [North Pole]; manufactured pellets are sold for commercial and residential space heating in bulk or in bags.

CO-CHAIR LINCOLN returned attention to exports and surmised the market value of exported logs has declined. He asked Mr. Maisch to provide a graph of the market value for each of the last ten years.

MR. MAISCH said additional data would be forthcoming from the "Anchorage Customs District." He suggested the value has declined because prices for wood have slumped; also, prices and the volume of the wood shipped fluctuate from year to year.

CO-CHAIR TARR questioned how many Alaska households use pellets for residential heating and whether special installation is required for fireplaces.

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MR. MAISCH advised pellets are generally burned in a special stove that automatically feeds pellets into a burning chamber. Commercial boilers also have automatic feed systems. He said he was unsure of the number of pellet stoves in residential use; however, there are about 20 commercial operations. Mr. Maisch directed attention to slide 14 that pictured log mills producing logs for cabin and home construction and lumber. Slide 15 pictured custom downhill skis and splitboards made from Sitka spruce and birch by Fairweather Ski works in Haines. Slide 16 pictured the Great Alaska Bowl Company that manufactures nested bowls from white birch. Slide 17 pictured the Kahiltna Birchworks that makes birch syrup and candies, which are non-timber forest products. Birch syrup is used for baking and cooking. Slide 18 illustrated examples of biomass fuels used primarily for space heating, such as pellets, wood chips, and solid wood. He noted a school facility in Tok is equipped to use wood to generate electricity and heat. Slide 19 illustrated locations of biomass energy projects underway and under development in Alaska. He pointed out 14 percent of projects funded by the Renewable Energy Fund, Alaska Energy Authority, Department of Commerce, Community and Economic Development, are wood biomass projects. Slide 20 pictured the commercial pellet boiler for space heating at the Ketchikan International Airport. Slide 21 pictured the project at the Tok boiler that uses wood chips; there are similar boilers at schools in Craig, Tok, Delta and Galena.

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MR. MAISCH continued to slide 22 which pictured a chip storage facility in Galena and the harvesting of cottonwood chips purchased from DOF and Native corporation land. Slide 23 pictured Garn boilers in Tanana that use solid wood to produce hot water heating without heat loss. Slide 24 pictured Tanana residents at work. Slides 25-27 illustrated a potential product that can be manufactured out of wood primarily from Southeast: cross laminated timber (CLT). Panels are produced from CLT and can be used for buildings up to 15 stories tall in the U.S.; the panels are a high value-added product, are esthetically pleasing, and store carbon thus are environmentally friendly. Some building codes related to fire codes in Canada and the U.S. need to be changed to allow panel construction, however, a multi-story CLT construction building passed seismic tests that simulated a 7.2 magnitude earthquake.

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REPRESENTATIVE SPOHNHOLZ asked about the risk of fire associated with CLT technology.

MR. MAISCH explained as wood burns the char on the exterior surface insulates the interior of the panel; the panels are currently being tested for fire, structural, seismic, and blast building code requirements. Further, panel construction is approximately one-third cheaper than steel or concrete construction. In further response to Representative Spohnholz, he confirmed the insulating properties of wood protect against full combustion, and he gave an example.

REPRESENTATIVE HANNAN inquired as to factors of scale required to make CLT manufacturing a sustainable economic opportunity for Alaska.

MR. MAISCH acknowledged CLT manufacturing is an opportunity for the distant future because there is not enough young-growth timber; however, he urged [the state] to research the few manufacturing facilities that are operating because this is a new technology and an opportunity for North America to market a new product in Asia. He opined the scale of manufacturing would be less than for a plant competing in the lumber market. In response to Co-Chair Lincoln, he said further information could be obtained from the International Mass Timber Conference in Oregon.

1:44:33 PM

A video was played from 1:44 p.m. to 1:45 p.m.

MR. MAISCH said the [CLT] building technology passed seismic testing from an engineering standpoint. He turned attention to the spruce bark beetle outbreak that began in 2016. Slide 28 pictured spruce bark beetles that kill trees by laying eggs in tree bark - which hatch to grubs and girdle the tree - preventing water and food from nourishing the tree. Slide 29 pictured a Lindgren funnel trap that is used to obtain beetle population counts; slide 30 was a graph indicating beetle populations were found in Houston in 2017 and in Houston, Denali State Park, Eagle River, and Homer in 2018. Slide 31 was a cumulative map of beetle activity from 2016-2018 indicating there are approximately one million acres of dead white spruce timber. Slide 32 listed actions to address the impacts of the outbreak, such as public education workshops and presentations by DOF staff on how to protect residential trees and reduce wildland fire risk from dead trees. He said dead and dying

trees are creating safety hazards at public facilities and a $300,000 grant will allow DOF to treat some parkland in Soldotna; an additional $1.1 million is needed to treat state parks. On a regional scale, DOF seeks a commercial operation to salvage the wood and produce wood chips for export to Japan out of Port MacKenzie.

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REPRESENTATIVE HOPKINS asked for a description of the bark beetle treatment process.

MR. MAISCH advised bark beetles are not susceptible to insecticides or pesticides because much of the beetle's lifecycle transpires under the tree bark. To keep a tree healthy, it must be well watered and fertilized, and in May one can spray against emerging adult beetles. Also, expensive systemic methods are available, and commercial use of the dead trees will attenuate the spread of bark beetles.

REPRESENTATIVE HOPKINS surmised the grant and additional funding are needed to purchase insecticide.

MR. MAISCH said no, the funds would be used for DOF fire crews to fell and dispose of dead infected trees. In further response to Representative Hopkins, he advised insecticide treatments are for individual highly-valued residential trees; there is no broad-forest treatment to prevent the spread of bark beetles.

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REPRESENTATIVE RAUSCHER asked whether the insecticide treatment is dangerous to children.

MR. MAISCH said any application of pesticide must follow labelled directions and be applied by a certified applicator. In further response to Representative Rauscher, he said he would refer his request for additional information to an entomologist.

REPRESENTATIVE SPOHNHOLZ asked for a description of the beetle lifecycle.

MR. MAISCH explained adult beetles die after lying eggs; after the eggs hatch, they grow to grubs, pupate to an adult, and fly to a new host tree in April or May.

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REPRESENTATIVE SPOHNHOLZ asked whether there is a relationship between the bark beetle outbreak and climate change.

MR. MAISCH recalled the first large recorded outbreak was in the Kenai Peninsula in the late '90s and the outbreaks have moved further north. He said there is not a direct scientific link to climate change, but anecdotal evidence suggests climate is playing a role in the severity of insect outbreaks in North America, for example, the mountain pine beetle outbreak found in Canada and parts of the U.S. In further response to Representative Spohnholz, he explained the beetles are always present at an endemic level. Large outbreaks occur in conditions of over-mature trees and drought; in fact - historically - fire frequently acted to protect against over-mature trees. Also, in a warming climate, DOF expects to see more and larger outbreaks of defoliating insects.

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OWEN GRAHAM, Executive Director, Alaska Forest Association, provided a PowerPoint presentation entitled, "Timber Industry Update." He informed the committee the primary problem facing the timber industry in Alaska is timber supply; slide 2 was a graph of the 2005 timber harvest by state which indicated Alaska has a small timber harvest in comparison with other states. Slide 3 pictured young-growth timber near Fairbanks; the state five-year timber sale program for the Fairbanks area averages approximately 2,000 acres per year, which is well below the potential timber supply. Mr. Graham advised this amount is sufficient to supply the current demand of industry; however, expansion of the industry in this area is challenged, even though there are the advantages of low harvest cost and extremely low moisture content in the wood. He said cross laminated timber (CLT) manufacturing would be a good choice for softwood timber in this region and would increase year-round jobs. In Southeast Alaska, the federal government provided 50-year timber sale contracts and industry built and operated [logging] facilities until the timber supply dwindled; at one time, manufacturing and logging provided 3,000 year-round jobs. Slide 4 pictured the Seward Forest Products mill that operated for one year. In the Seward area the state five-year timber sale program seeks to supply approximately 1,000 acres of timber per year, focused primarily on sanitation and salvaged logging due to the beetle infestation; however, Mr. Graham cautioned industry has difficulty profiting on beetle-kill timber. The Alaska Forest Association may ask the governor to establish a

temporary timber task force to examine potential timber supply and thereby stabilize manufacturing in the Seward region. He recalled a previous task force in 2011 generated improvements to statutes by adding flexibility to the timber sale program, expanding the woody biomass program, and adding a forest road program.

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MR. GRAHAM continued to slide 5 which pictured operations of the Wrangell Lumber Sawmill in 1990; the mill processed approximately 80 million to 100 million board feet per year. The state five-year timber sale program in the Wrangell area is limited by the shortage of forested state land, and although state timber sales have kept the mills alive, "without federal timber those mills [are going] to perish ...." Mr. Graham said the ongoing national forest timber supply shortage has starved out of existence all the larger mills but the Viking Lumber Company sawmill; he recalled 25 years ago there were five large mills, a veneer plant, and two pulp mills providing 3,000 direct year-round jobs, and private land logging was providing 2,000 jobs (slide 6). He opined USFS is working to correct its land management plan which will take several years, thus the state needs to provide longer term timber sales to support the industry until federal timber becomes available. Mr. Graham urged for an expansion of efforts by the state to aid the industry, activities through the Good Neighbor Authority to facilitate federal timber sales, and additional regulatory changes to increase DOF efficiency. Slide 7 listed land ownership distribution in Southeast Alaska: of 17 million acres, less than 2 percent is state land and of that, approximately 20 percent is state forest, which cannot provide sufficient timber supply for the region. Mr. Graham directed attention to a briefing paper found in the committee packet addressed to Undersecretary of Agriculture James Hubbard, dated 10/3/18, related to the failure of the timber sale program in Alaska, and remedies thereof. Slide 8 illustrated Tongass commercial timberland is about 5.5 million acres and action by the federal government has limited to 42,479 acres of mature timber use by the lumber industry in Southeast; further, the timber available is hard to reach and of poor quality. Mr. Graham pointed out changes are necessary to support a forest products manufacturing industry in Southeast; for example, a facility like a pulp mill would use low grade timber such as utility logs and provide year-round employment. Once the Roadless Rule is revised, USFS can fully implement its timber sale plan and restore manufacturing. Revisions will also have

to be made to the "Wildlife Conservation Strategy" and the land use designations in the national forest; strong support from the state is needed to facilitate these changes.

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MR. GRAHAM turned attention to slide 9 which pictured timber in the state timber sale in Ketchikan: the stand of timber is over-mature, and the quality is declining to about 15,000 board feet per acre; a forest of higher quality yields about 50,000 board feet per acre with no defects in the trees. In the last 50 years, USFS has harvested approximately 430,000 acres of young-growth trees, so the forest needs to grow to maturity at around 90 years of age. He advised timber at age 65 yields logs too small for sawmills and thus are not economical to harvest. In fact, influencing changes to the federal land plan is the most important action the industry needs from the state. Slide 10 illustrated land selection for a state forest that was proposed by the state in 2013; the proposal was for 2 million acres - out of 17 million acres of national forest - which would provide all the timber the industry would need for commercial harvest in Southeast. He concluded restoring the timber supply in Southeast Alaska will require the state government to strongly support changes in regulations.

REPRESENTATIVE HOPKINS asked whether Mr. Graham had received a response from Undersecretary Hubbard.

MR. GRAHAM said no. He added he also expressed his concern that the revisions of the Roadless Rule and the "forest plan" would take four to four and one-half years, and the earliest that gradual increases to the timber supply would start would be June 2020.

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JAELEEN KOOKESH, Vice President, General Counsel and Corporate Secretary, Sealaska Corporation, provided a PowerPoint presentation entitled, "Values in Action." Ms. Kookesh informed the committee Sealaska Corporation (Sealaska) is the Alaska Native Regional Corporation for Southeast Alaska created under the Alaska Native Claims Settlement Act, and headquartered in Juneau. Sealaska has over 23,000 shareholders - of which 16,000 are original shareholders - although its land base is smaller than other regional corporations at 362,000 acres within Southeast Alaska, which represents 1.6 percent of the 20-million-acre region. Nevertheless, Sealaska is engaged with

state and federal governments on all land resources issues. Sealaska's activities are guided by its values, and its purpose is to strengthen people, culture, and homelands through its values in action (slide 2). Ms. Kookesh disclosed she is a member of the Alaska Board of Forestry, DOF, DNR. She directed attention to slide 3 which listed Sealaska Values in Action. Although Sealaska is often regarded as a timber company harvesting trees without concern about impact to the land, the corporation's decisions are guided by four values: 1. HAA AANI, which is a recognition of the importance of Sealaska's land and resources; 2. HAA SHUKA, which recognizes the importance of decisions that are mindful of our past, present, and future generations; 3. HAA LARSEEN, which is strength and leadership that represents the importance of education to adjust and persevere; 4. WOOCH.YAX, which is balance, reciprocity, respect, and a desire to collaborate with others. She noted the aforementioned values are important to the corporation's decisions and involvement in drafting and enactment of the Alaska Forest Resources and Practices Act as a private landowner (slide 3). Overall, Sealaska's three primary platforms are natural resources, government services, and seafoods and natural foods; with its new focus, Sealaska is experiencing unprecedented growth and income, and seeks to create further economic development for its shareholders and region (slide 4).

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MS. KOOKESH continued to slide 5 and expressed Sealaska's desire to use its land base in a balanced way. She discounted reports that Sealaska clearcuts all its forest; in fact, of 362,000 acres, 35 percent is managed as a working forest by helicopter and clearcut logging and post-harvest activities and the remaining 65 percent will be held in its natural state to develop other economic opportunities. Ms. Kookesh acknowledged for many years Sealaska implemented large harvest levels; however, after acquiring its final land base, Sealaska has developed a more sustainable goal to perpetuate its timber activities and averages a harvest of 55 million to 65 million board feet per year. In 2018, Sealaska produced 59 million board feet from its small land base. For 2019, harvest areas are on Prince of Wales Island; in addition, a stumpage sale near Yakutat will produce an additional 18 million to 20 million board feet per year in 2019-2020. The land yields young-growth harvest, including round logs exported to China, Japan, and Korea, and timber for pulp exported to Washington State and Canada. Ms. Kookesh spoke of attempts to make domestic manufacturing markets compete with the export market that have

failed due to the cost of manufacturing and transportation. In addition, prior domestic sales have resulted in a lawsuit against Sealaska because its timber activities are subject to Alaska Native Claims Settlement Act (ANCSA) revenue sharing provisions, and lower profits do not maximize the value of its timber. She pointed out the present tariff with China at 5 percent to 10 percent is currently manageable, but the forthcoming increase to 25 percent may significantly impact the stumpage sale at Icy Bay and subsequently the economic opportunities for Yakutat. Sealaska does provide timber to local mills on Prince of Wales Island and to local craftsmen, firewood to shareholders, and monumental art logs to carvers.

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REPRESENTATIVE SPOHNHOLZ asked for the meaning of stumpage.

MS. KOOKESH explained stumpage is the term used when Sealaska purchases and harvests trees on state or federal land for resale.

CO-CHAIR TARR inquired as to the background of the aforementioned lawsuit based "on the premise that you didn't maximize the value of that resource ...."

MS. KOOKESH said ANCSA Sections 7(i) and 7(j) are the revenue sharing requirements of the Act: Sealaska and all the regional corporations must share 70 percent of their natural resource revenue, which is distributed to sister corporations and village corporations. She remarked:

> So, imagine we have a tree ... that instead of selling it for the full dollar, and in order to feed into a local domestic mill, we sell it for fifty cents instead. Now we're going to share 70 percent of that fifty cents, instead of 70 percent of that dollar, and other corporations were not happy with that idea of not maximizing the value and getting their full share even though we were creating value by providing jobs and, a, domestic processing locally. ... There were other benefits to doing so - there weren't other benefits that the other regions could see.

CO-CHAIR TARR inquired as to whether - through litigation - a benchmark to establish a sale price was determined.

MS. KOOKESH answered [the benchmark is] market value. In further response to Co-Chair Tarr, she explained the domestic processing value can be as low as one-fourth of export value, depending on current markets.

REPRESENTATIVE HANNAN surmised Sealaska has received its full land selection from the federal government.

MS. KOOKESH said Sealaska has received its full economic development land; however, cultural sites are still being processed by the Bureau of Indian Affairs and the Bureau of Land Management, U.S. Department of the Interior.

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REPRESENTATIVE HANNAN questioned the accuracy of [slide 10 of the PowerPoint presentation entitled, "Alaska Forest Association, Timber Industry Update," dated 3/1/19].

MS. KOOKESH opined the information presented on the aforementioned slide is focused on actual timber land - as opposed to land owned by Sealaska - because there is not marketable timber on all of the 362,000 acres owned by Sealaska. Further, Sealaska has chosen not to harvest some land at the request of nearby communities that wish to protect watershed and/or viewshed; instead Sealaska will seek value from certain land by "other ways, such as the carbon program."

REPRESENTATIVE HANNAN asked for the source of the pellets used at the Sealaska Corporation headquarters building.

MS. KOOKESH said the pellets used by the Sealaska building and at the Sealaska Heritage Institute are acquired from a facility in the Fairbanks area; Sealaska considered manufacturing pellets in Southeast but it is difficult to get the pellets compacted and dry, adding additional cost to the manufacturing process. She continued to slide 7 and explained silviculture activities include precommercial thinning. After one or two trees are cut, the regrowth is thicker than the original forest and the new trees will be crowded and skinny; therefore, when the trees are 15-20 years old it is necessary to thin the forest and allow certain trees to grow large. Sealaska performs precommercial thinning on about 4,000 acres per year on Sealaska and village corporation land, which along with harvesting and land management activities, provides about 340-350 jobs per year. Income from timber activities also provides benefits to shareholders such as a $15-million-dollar scholarship program,

bereavement benefits, and public policy advocacy for all the region.

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MS. KOOKESH highlighted some areas of concern for the timber industry: tariff increase to 25 percent; loss of contractors and new investment in the industry due to a lack of timber supply; ensure there is an available workforce through programs such as the Training Rural Alaskan Youth Leaders and Students (TRAYLS) summer program; ensure consistent operations at USFS and the state; impact of the application of the [2001 Roadless Rule] that may put timber now available for harvest in protective status; ensure sufficient funding to provide for state permitting and regulatory functions that are critical to the timber industry (slide 8).

MS. KOOKESH directed attention to Sealaska's carbon offset project. Sealaska pursues activities other than timber harvesting to provide value from its land; for example, Sealaska placed 165,000 acres into a project managed by the California Air Resources Board, California Environmental Protection Agency, by committing to maintaining a certain level of carbon value for 100 years on said land. She acknowledged this is a commitment on the land base; however, the project also provides jobs, monitoring activities, and allows for continued use of the land by subsistence activities, limited development, and some timber harvest. Ms. Kookesh characterized the program as successful in that Sealaska will meet local community and global environmental concerns, and the project may spread to village corporations (slide 9). Furthermore, as the 165,000 acres of forest grows, carbon value is added, thus Sealaska can harvest new trees or sell carbon credits based on growth. She stressed there are still opportunities for land held for carbon storage credits such as tourism, mineral extraction, and road construction (slide 10).

CO-CHAIR TARR asked for further information on the previously discussed litigation.

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ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:51 p.m.