

HOUSE BILL NO. 72

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/27/25

Referred: Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to timber on state lands; relating to timber management leases; and**
2 **providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 36.30.850(b) is amended by adding a new paragraph to read:

5 (52) timber management leases under AS 38.05.124.

6 * **Sec. 2.** AS 38.05.035(e) is amended to read:

7 (e) Upon a written finding that the interests of the state will be best served, the
8 director may, with the consent of the commissioner, approve contracts for the sale,
9 lease, or other disposal of available land, resources, property, or interests in them. In
10 approving a contract under this subsection, the director need only prepare a single
11 written finding. In addition to the conditions and limitations imposed by law, the
12 director may impose additional conditions or limitations in the contracts as the director
13 determines, with the consent of the commissioner, will best serve the interests of the
14 state. The preparation and issuance of the written finding by the director are subject to

1 the following:

2 (1) with the consent of the commissioner and subject to the director's
3 discretion, for a specific proposed disposal of available land, resources, or property, or
4 of an interest in them, the director, in the written finding,

5 (A) shall establish the scope of the administrative review on
6 which the director's determination is based, and the scope of the written
7 finding supporting that determination; the scope of the administrative review
8 and finding may address only reasonably foreseeable, significant effects of the
9 uses proposed to be authorized by the disposal;

10 (B) may limit the scope of an administrative review and finding
11 for a proposed disposal to

12 (i) applicable statutes and regulations;

13 (ii) the facts pertaining to the land, resources, or
14 property, or interest in them, that the director finds are material to the
15 determination and that are known to the director or knowledge of which
16 is made available to the director during the administrative review; and

17 (iii) issues that, based on the statutes and regulations
18 referred to in (i) of this subparagraph, on the facts as described in (ii) of
19 this subparagraph, and on the nature of the uses sought to be authorized
20 by the disposal, the director finds are material to the determination of
21 whether the proposed disposal will best serve the interests of the state;
22 and

23 (C) may, if the project for which the proposed disposal is
24 sought is a multiphased development, limit the scope of an administrative
25 review and finding for the proposed disposal to the applicable statutes and
26 regulations, facts, and issues identified in (B)(i) - (iii) of this paragraph that
27 pertain solely to the disposal phase of the project when

28 (i) the only uses to be authorized by the proposed
29 disposal are part of that phase;

30 (ii) the disposal is a disposal of oil and gas, or of gas
31 only, and, before the next phase of the project may proceed, public

1 notice and the opportunity to comment are provided under regulations
2 adopted by the department;

3 (iii) the department's approval is required before the
4 next phase of the project may proceed; and

5 (iv) the department describes its reasons for a decision
6 to phase;

7 (2) the director shall discuss in the written finding prepared and issued
8 under this subsection the reasons that each of the following was not material to the
9 director's determination that the interests of the state will be best served:

10 (A) facts pertaining to the land, resources, or property, or an
11 interest in them other than those that the director finds material under (1)(B)(ii)
12 of this subsection; and

13 (B) issues based on the statutes and regulations referred to in
14 (1)(B)(i) of this subsection and on the facts described in (1)(B)(ii) of this
15 subsection;

16 (3) a written finding for an oil and gas lease sale or gas only lease sale
17 under AS 38.05.180 is subject to (g) of this section;

18 (4) a contract for the sale, lease, or other disposal of available land or
19 an interest in land is not legally binding on the state until the commissioner approves
20 the contract, but if the appraised value is not greater than \$50,000 in the case of the
21 sale of land or an interest in land, or \$5,000 in the case of the annual rental of land or
22 interest in land, the director may execute the contract without the approval of the
23 commissioner;

24 (5) public notice requirements relating to the sale, lease, or other
25 disposal of available land or an interest in land for oil and gas, or for gas only,
26 proposed to be scheduled in the five-year oil and gas leasing program under
27 AS 38.05.180(b), except for a sale under (6)(F) of this subsection, are as follows:

28 (A) before a public hearing, if held, or in any case not less than
29 180 days before the sale, lease, or other disposal of available land or an interest
30 in land, the director shall make available to the public a preliminary written
31 finding that states the scope of the review established under (1)(A) of this

1 subsection and includes the applicable statutes and regulations, the material
 2 facts and issues in accordance with (1)(B) of this subsection, and information
 3 required by (g) of this section, upon which the determination that the sale,
 4 lease, or other disposal will serve the best interests of the state will be based;
 5 the director shall provide opportunity for public comment on the preliminary
 6 written finding for a period of not less than 60 days;

7 (B) after the public comment period for the preliminary written
 8 finding and not less than 90 days before the sale, lease, or other disposal of
 9 available land or an interest in land for oil and gas or for gas only, the director
 10 shall make available to the public a final written finding that states the scope of
 11 the review established under (1)(A) of this subsection and includes the
 12 applicable statutes and regulations, the material facts and issues in accordance
 13 with (1) of this subsection, and information required by (g) of this section,
 14 upon which the determination that the sale, lease, or other disposal will serve
 15 the best interests of the state is based;

16 (6) before a public hearing, if held, or in any case not less than 21 days
 17 before the sale, lease, or other disposal of available land, property, resources, or
 18 interests in them other than a sale, lease, or other disposal of available land or an
 19 interest in land for oil and gas or for gas only under (5) of this subsection, the director
 20 shall make available to the public a written finding that, in accordance with (1) of this
 21 subsection, sets out the material facts and applicable statutes and regulations and any
 22 other information required by statute or regulation to be considered upon which the
 23 determination that the sale, lease, or other disposal will best serve the interests of the
 24 state was based; however, a written finding is not required before the approval of

25 (A) a contract for a negotiated sale authorized under
 26 AS 38.05.115;

27 (B) a lease of land for a shore fishery site under AS 38.05.082;

28 (C) a permit or other authorization revocable by the
 29 commissioner;

30 (D) a mineral claim located under AS 38.05.195;

31 (E) a mineral lease issued under AS 38.05.205;

1 (F) an exempt oil and gas lease sale or gas only lease sale under
 2 AS 38.05.180(d) of acreage subject to a best interest finding issued within the
 3 previous 10 years or a reoffer oil and gas lease sale or gas only lease sale under
 4 AS 38.05.180(w) of acreage subject to a best interest finding issued within the
 5 previous 10 years, unless the commissioner determines that substantial new
 6 information has become available that justifies a supplement to the most recent
 7 best interest finding for the exempt oil and gas lease sale or gas only lease sale
 8 acreage and for the reoffer oil and gas lease sale or gas only lease sale acreage;
 9 however, for each oil and gas lease sale or gas only lease sale described in this
 10 subparagraph, the director shall call for comments from the public; the
 11 director's call for public comments must provide opportunity for public
 12 comment for a period of not less than 30 days; if the director determines that a
 13 supplement to the most recent best interest finding for the acreage is required
 14 under this subparagraph,

15 (i) the director shall issue the supplement to the best
 16 interest finding not later than 90 days before the sale;

17 (ii) not later than 45 days before the sale, the director
 18 shall issue a notice describing the interests to be offered, the location
 19 and time of the sale, and the terms and conditions of the sale; and

20 (iii) the supplement has the status of a final written best
 21 interest finding for purposes of (i) and (l) of this section;

22 (G) a surface use lease under AS 38.05.255;

23 (H) a permit, right-of-way, or easement under AS 38.05.850;

24 **(I) a timber management lease under AS 38.05.124;**

25 (7) the director shall include in

26 (A) a preliminary written finding, if required, a summary of
 27 agency and public comments, if any, obtained as a result of contacts with other
 28 agencies concerning a proposed disposal or as a result of informal efforts
 29 undertaken by the department to solicit public response to a proposed disposal,
 30 and the department's preliminary responses to those comments; and

31 (B) the final written finding a summary of agency and public

1 comments received and the department's responses to those comments.

2 * **Sec. 3.** AS 38.05.075(a) is amended to read:

3 (a) Except as provided in AS 38.05.035, 38.05.070, 38.05.073, 38.05.081,
4 38.05.082, 38.05.083, 38.05.087, 38.05.102, **38.05.124**, 38.05.565, 38.05.600,
5 38.05.810, and this section, when competitive interest has been demonstrated or the
6 commissioner determines that it is in the state's best interests, leasing shall be made at
7 public auction or by sealed bid, at the discretion of the director, to the highest qualified
8 bidder as determined by the commissioner. A bidder may be represented by an
9 attorney or agent at a public auction. In the public notice of a lease to be offered at
10 public auction or by sealed bid, the commissioner shall specify a minimum acceptable
11 bid and the lease compensation method. The lease compensation method shall be
12 designed to maximize the return on the lease to the state and shall be a form of
13 compensation set out in AS 38.05.073(m). An aggrieved bidder may appeal to the
14 commissioner within five days for a review of the determination. The leasing shall be
15 conducted by the commissioner, and the successful bidder shall deposit at the public
16 auction or with the sealed bid the first year's rental or other lease compensation as
17 specified by the commissioner, or that portion of it that the commissioner requires in
18 accordance with the bid. The commissioner shall require, under AS 38.05.860,
19 qualified bidders to deposit a sum equal to any survey or appraisal costs reasonably
20 incurred by another qualified bidder acting in accordance with the regulations of the
21 commissioner or incurred by the department under AS 38.04.045 and AS 38.05.840. If
22 a bidder making a deposit of survey or appraisal costs is determined by the
23 commissioner to be the highest qualified bidder under this subsection, the deposit shall
24 be paid to the unsuccessful bidder who incurred those costs or to the department if the
25 department incurred the costs. All costs for survey and appraisal shall be approved in
26 advance in writing by the commissioner. The commissioner shall immediately issue a
27 receipt containing a description of the land or interest leased, the price bid, and the
28 terms of the lease to the successful qualified bidder. If the receipt is not accepted in
29 writing by the bidder under this subsection, the commissioner may offer the land for
30 lease again under this subsection. A lease, on a form approved by the attorney general,
31 shall be signed by the successful bidder and by the commissioner.

1 * **Sec. 4.** AS 38.05 is amended by adding a new section to article 4 to read:

2 **Sec. 38.05.124. Timber management leases.** (a) If it is in the interest of the
3 state, the commissioner may issue a timber management lease to a person for the
4 harvest and management of timber on state forest land. So as to result in a sustained
5 yield of merchantable timber, a lessee shall manage timber on state forest land in
6 accordance with the standards of AS 41.17.060 and, at a minimum, provide for

7 (1) the harvest and sale of merchantable timber;

8 (2) afforestation and reforestation of state land;

9 (3) fire prevention and pest control; and

10 (4) construction and maintenance of roads and other facilities
11 necessary for the processing and removal of harvested timber.

12 (b) A timber management lessee shall manage timber located in the Haines
13 State Forest Resource Management Area described in AS 41.15.305(a) or in a state
14 forest established under AS 41.17.200 - 41.17.230 consistent with the applicable forest
15 management plan.

16 (c) A person may nominate state forest land for a timber management lease.
17 The commissioner shall consider whether state forest land nominated under this
18 subsection is suitable for timber management leasing under (a) of this section. If the
19 commissioner determines that the nominated land is suitable for timber management
20 leasing, the commissioner shall prepare a written request for proposals under (d) of
21 this section.

22 (d) If the commissioner identifies state forest land suitable for timber
23 management leasing under (a) or (c) of this section, the commissioner shall prepare a
24 written request for proposals that includes

25 (1) the specific location, description, and area of timber to be leased;

26 (2) the form of compensation that the commissioner intends to require
27 for the lease; and

28 (3) the selection criteria that the commissioner will use to determine
29 the eligibility of an applicant and the suitability of a proposal.

30 (e) After preparing a request for proposals under (d) of this section, the
31 commissioner shall issue the request to solicit proposals from persons who are

1 interested in leasing the land for forest management by issuing a public notice seeking
2 competitive interest in the manner prescribed under AS 38.05.945.

3 (f) After soliciting proposals under (e) of this section, if the commissioner
4 determines that only one proposal is acceptable, the commissioner may begin
5 negotiations with the applicant to develop the terms and conditions for the timber
6 management lease. If the commissioner determines that two or more applicants are
7 acceptable, the commissioner shall consider reasonable factors in awarding the lease,
8 including

- 9 (1) benefits to the public, including the surrounding community;
- 10 (2) forest improvements and investments;
- 11 (3) impact on growing the forest management and timber industry;
- 12 (4) qualifications of the applicant, including whether the applicant has
13 previous experience with forest management;
- 14 (5) revenue to the state; and
- 15 (6) any additional requirement established by the department in
16 regulation.

17 (g) After public notice, the commissioner may issue a timber management
18 lease for a period of up to 55 years. The commissioner may renew a lease only once
19 for a term not longer than the initial term of the lease. The commissioner may
20 terminate a lease at any time if the commissioner determines that the lessee has failed
21 to manage the timber in accordance with the terms of the lease or has otherwise failed
22 to comply with the lease after being provided a reasonable opportunity to comply.

23 (h) The commissioner shall charge compensation for a timber management
24 lease so as to ensure a fair return to the state, considering the benefits of the lessee's
25 activities to the state and the surrounding communities.

26 (i) Except as provided in this section or in a timber management lease, the
27 provisions of AS 41.17 and AS 38.05.110 - 38.05.120 do not apply to state forest land
28 subject to a timber management lease. A lease must include provisions regarding

- 29 (1) the lease term and compensation;
- 30 (2) a timber management plan;
- 31 (3) public access and multiple use;

- 1 (4) riparian management;
- 2 (5) easements and land use authorizations for improvements;
- 3 (6) compliance and department oversight;
- 4 (7) recordkeeping and auditing;
- 5 (8) notices of violation and termination;
- 6 (9) dispute resolution;
- 7 (10) insurance; and
- 8 (11) limitation of state liability.

9 (j) The commissioner shall adopt regulations under AS 44.62 (Administrative
10 Procedure Act) to implement this section.

11 (k) In this section, "forest land" has the meaning given in AS 41.17.950.

12 * **Sec. 5.** AS 41.15.300(b) is amended to read:

13 (b) The responsibility for the management, control, development, and
14 maintenance of the Haines State Forest Resource Management Area established under
15 AS 41.15.300 - 41.15.330 is assigned to the department. **The department may**
16 **delegate the management of timber located in the Haines State Forest Resource**
17 **Management Area in a timber management lease under AS 38.05.124.**

18 * **Sec. 6.** AS 41.15.315(a) is amended to read:

19 (a) The Haines State Forest Resource Management Area shall be managed
20 under the principles of multiple use and sustained yield and, **except as applicable to a**
21 **lease under AS 38.05.124,** under AS 41.17.

22 * **Sec. 7.** AS 41.15.315(d) is amended to read:

23 (d) The state land and water described in AS 41.15.305(a) are closed to sale
24 under state land disposal laws. The commissioner may lease the land described in
25 AS 41.15.305(a) under AS 38.05.070 - 38.05.105 for a purpose consistent with
26 AS 41.15.300(a) and a municipality may select land in the Haines State Forest
27 Resource Management Area under law. The commissioner may manage the land and
28 water described in AS 41.15.305(a) for purposes consistent with AS 38.95.400 -
29 38.95.499. **The commissioner may issue a lease under AS 38.05.124 for the**
30 **management of timber located on land described in AS 41.15.305(a).**

31 * **Sec. 8.** AS 41.15.315(e) is amended to read:

1 (e) A carbon offset project under AS 38.95.400 - 38.95.499 **and a timber**
 2 **management lease under AS 38.05.124** undertaken on land identified in
 3 AS 41.15.305 must be consistent with the applicable management plan under
 4 AS 41.15.320, and the management plan must identify the land appropriate for the
 5 carbon offset project **or timber management lease**. The department may amend a
 6 management plan under AS 41.15.320 to allow for a carbon offset project **or timber**
 7 **management lease**.

8 * **Sec. 9.** AS 41.17.200(b) is amended to read:

9 (b) In managing a state forest, the commissioner shall, consistent with the
 10 primary purpose of a state forest under (a) of this section, restrict the public use of the
 11 land and its resources, including timber, fish and wildlife, and minerals, only when
 12 necessary to carry out the purposes of this chapter. **The commissioner may delegate**
 13 **the management of timber located in a state forest through a timber management**
 14 **lease under AS 38.05.124.**

15 * **Sec. 10.** AS 41.17.220 is amended to read:

16 **Sec. 41.17.220. Management of state forests.** Land within a state forest or
 17 within a unit of a state forest shall be managed under

- 18 (1) the sustained yield principle;
- 19 (2) this chapter, **except as applicable to a lease under AS 38.05.124;**
- 20 (3) a forest management plan prepared by the department; and
- 21 (4) if applicable, a carbon offset project undertaken by the department

22 under AS 38.95.400 - 38.95.499.

23 * **Sec. 11.** AS 41.17.230(a) is amended to read:

24 (a) The commissioner shall prepare a forest management plan consistent with
 25 AS 38.04.005 and this chapter for each state forest and for each unit of a state forest to
 26 assist in meeting the requirements of this chapter. An operational level forest
 27 inventory shall be completed before a forest management plan for the state forest or
 28 the unit of a state forest is adopted. The forest management plan shall be adopted,
 29 implemented, and maintained within three years of the establishment of a state forest
 30 by the legislature. To the extent they are found to be compatible with the primary
 31 purpose of state forests under AS 41.17.200, the forest management plan must

1 consider and permit uses of forest land for other purposes, including a carbon offset
2 project under AS 38.95.400 - 38.95.499, **timber management leasing under**
3 **AS 38.05.124**, recreation, tourism, mining, mineral exploration, mineral leasing,
4 material extraction, consumptive and nonconsumptive uses of wildlife and fish,
5 grazing and other agricultural activities, and other traditional uses. If the commissioner
6 finds that a permitted use is incompatible with one or more other uses in a portion of a
7 state forest, the commissioner shall affirmatively state in the management plan that
8 finding of incompatibility for the specific area where the incompatibility is anticipated
9 to exist and the time period when the incompatibility is anticipated to exist together
10 with the reasons and benefits for each finding.

11 * **Sec. 12.** AS 41.17.230(g) is amended to read:

12 (g) A carbon offset project undertaken under AS 38.95.400 - 38.95.499 **and a**
13 **timber management lease under AS 38.05.124** within a state forest must be
14 consistent with the applicable forest management plan, and the applicable forest
15 management plan must identify the land appropriate for the carbon offset project **or**
16 **timber management lease**. The department may amend a forest management plan to
17 allow for a carbon offset project **or timber management lease**.

18 * **Sec. 13.** AS 41.17.900(a) is amended to read:

19 (a) **Except as provided in AS 38.05.124 or** [UNLESS] otherwise specified,
20 this chapter applies to forest land under state, municipal, or private ownership.

21 * **Sec. 14.** This Act takes effect immediately under AS 01.10.070(c).