

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

February 21, 2025

1:02 p.m.

MEMBERS PRESENT

Representative Robyn Niayuq Burke, Co-Chair
Representative Carolyn Hall
Representative Donna Mears
Representative Zack Fields
Representative Dan Saddler
Representative George Rauscher

MEMBERS ABSENT

Representative Maxine Dibert, Co-Chair
Representative Julie Coulombe
Representative Bill Elam

COMMITTEE CALENDAR

HOUSE BILL NO. 72

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

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 72

SHORT TITLE: TIMBER MANAGEMENT LEASES

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/27/25	(H)	READ THE FIRST TIME - REFERRALS
01/27/25	(H)	RES, FIN
02/21/25	(H)	RES AT 1:00 PM BARNES 124

WITNESS REGISTER

JOHN BOYLE, Commissioner
Alaska Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: On behalf of the sponsor, House Rules by request of the governor, co-presented a PowerPoint titled, "House Bill 72 Timber Management Leases."

JEREMY DOUSE, Deputy Director
Division of Forestry and Fire Protection
Alaska Department of Natural Resources
Fairbanks, Alaska

POSITION STATEMENT: On behalf of the sponsor, House Rules by request of the governor, co-presented a PowerPoint titled, "House Bill 72 Timber Management Leases."

RENA MILLER, Special Assistant
Office of the Commissioner
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: On behalf of the sponsor, House Rules by request of the governor, co-presented a PowerPoint titled, "House Bill 72 Timber Management Leases."

ACTION NARRATIVE

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CO-CHAIR ROBYN NIAYUQ BURKE called the House Resources Standing Committee meeting to order at 1:03 p.m. Representatives Hall, Mears, Fields, Saddler, Rauscher, and Burke were present at the call to order.

HB 72-TIMBER MANAGEMENT LEASES

[1:03:34 PM](#)

CO-CHAIR BURKE announced that the only order of business would be HOUSE BILL NO. 72, "An Act relating to timber on state lands; relating to timber management leases; and providing for an effective date."

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JOHN BOYLE, Commissioner, Alaska Department of Natural Resources (DNR), on behalf of the sponsor, House Rules by request of the governor, introduced the PowerPoint, titled "House Bill 72 Timber Management Leases" [hard copy included in the committee packet]. He discussed DNR's interest in revitalizing the lumber industry in the state, expressing the opinion that using Alaskan lumber to build homes would lower housing costs in the state. He discussed that HB 72 would help forest management in combination with past legislation. He discussed DNR's role in growing the state's economy and addressed the timber industry's

role in creating jobs in the past, especially in Southeast Alaska. He opined that federal land management regulations have restricted opportunities, making companies more reluctant to invest in the state. He shared a personal anecdote concerning a visit to a logging camp and the job opportunities there.

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COMMISSIONER BOYLE stated that HB 72 would provide a mechanism for incentivizing the use of timber from forested lands in Alaska. He discussed the large areas of forested land in the state that DNR manages, pointing out that limited funding and resources constrain its ability. He explained that HB 72 would create an opportunity for entities or individuals to lease sections of land for investment and management, including facilitating reforestation efforts. He discussed some examples which could result in a quicker harvest of useable timber for products in the state. He reminded the committee that the proposed legislation would not abdicate the state's responsibility in assuring that forestry management aligns with the state's statutes and constitution. He concluded that the proposed legislation would be an opportunity to review the state's management of its forest and lead to more opportunities in the state.

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JEREMY DOUSE, Deputy Director, Division of Forestry and Fire Protection, Alaska Department of Natural Resources, on behalf of the sponsor, House Rules by request of the governor, co-presented a PowerPoint, titled "House Bill 72 Timber Management Leases." He showed slide 2, titled "Alaska's forested state land," which displayed a map of forested lands in the state, and which read as follows [original punctuation provided]:

- 52.5 million acres of state-owned forested land
- 3.7 million acres of forest inventory complete
- 2.1 million acres of designated state forest

MR. DOUSE moved to slide 3, titled "Vision for Alaska's forest assets," which read as follows [original punctuation provided]:

- Maximum use of Alaska's land and resources consistent with Alaska Constitution
- Increase forest management activity on state lands
- Create economic opportunities

- Grow the in-state manufacture of forest products

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MR. DOUSE moved to slide 4, titled "How to get there?" which read as follows [original punctuation provided]:

- Partner with private sector to increase management activity while protecting public lands principles provided for in Alaska Constitution
 - Recreation and public access
 - Hunting/fishing
 - Subsistence
- Benefits of public land while addressing challenges regarding lack of private land

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MR. DOUSE showed slide 5, titled "Defining 'active forest management'" which read as follows [original punctuation provided]:

- The intentional, planned and science-based actions foresters engage in to meet society's needs of forested ecosystems
 - Diversifies habitat conditions
 - Provides for essential wood products and economic opportunity
 - Creates resiliency for disturbance and the effects of a changing climate
 - Sets a successional trajectory for a desired condition
- Passive management perpetuates a forest condition until a natural disturbance introduces successional change
 - Depending on disturbance severity, can lead to undesired conditions or a lack of forest cover

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MR. DOUSE moved to Slide 6, titled "Why active management?" which displayed examples of unmanaged forests that were devastated by stem rot, spruce beetle outbreak, or fire. He showed slide 7, titled "Active forest management benefits," which compared photos of timber stands which had not been thinned next to thinned forests. He suggested that thinning projects create healthier forests and habitat.

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MR. DOUSE presented slide 8, titled "House Bill 72: Timber Management Leases," which read as follows [original punctuation provided]:

- New framework to enable leases of state timber resource with agreement to manage forest for state values
- Provides timber operators greater certainty that drives additional investment
- Includes built-for-purpose terms covering competition, public input
- Flexible to accommodate range of project/lease concepts
- Leases possible on state forested land and state forests

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MR. DOUSE moved to slide 9, titled "Management activities under leases," which read as follows [original punctuation provided]:

- Road construction and maintenance
- Bridge construction
- Timber harvest
- Reforestation and site preparation
- Intermediate treatments
- Planning
- Fire mitigation

He explained that industries would be able to plan for the long term if they had access to large parcels of land. Slide 10 showed photos of healthy trees and activities taking place in a well-managed forest.

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RENA MILLER, Special Assistant, Office of the Commissioner, Department of Natural Resources, on behalf of the sponsor, House Rules by request of the governor, co-presented the PowerPoint, titled, "House Bill 72 Timber Management Leases." She moved to slide 11, titled "Process under HB 72," which showed a flow chart of the leasing process under the proposed legislation. Initially a nomination would be made on a piece of timbered land. The commissioner would then consider the suitability of

the area for a timber management lease. If the area was deemed suitable, the next step would be a request for proposals by DNR. She added that in the case of multiple proposals, DNR would use the criteria listed in the proposed legislation to determine the best acceptable proposals. If DNR decided to issue a lease, there would be a public notice of intent to issue the lease.

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MS. MILLER, in response to a series of questions from Representative Mears, explained that there was no process at the time specifically for the purpose of leasing the right to manage timber. There are timber sales, but there has not been a way to contract with the state for timber management. There has been expressed interest for this type of lease. Under the current system, some areas with potential for resource development have not been under management due to funding constraints. She pointed out that companies have been willing to invest in timber management if that would include the right to harvest the timber in the future. The benefits to the state would not only include active management but would also mitigate the dangers of fires and beetle infestations. She reiterated that this is consistent with state values.

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MS. MILLER responded to a question from Representative Rauscher concerning carbon management of state forests by describing several types of carbon capture programs. She expressed the belief that carbon offset projects could coexist as part of timber management lease plans. She discussed the possibility of a company engaging with the state on a carbon management project on the leased area.

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MS. MILLER responded to questions posed by Representative Saddler, explaining that the proposed bill would not replace anything but rather would be additive. Although timber sales had been ongoing, there was not a mechanism which would grant the right to concurrently manage and harvest timber. The state would continue to implement timber sales but would also provide a method for operators who want to put more effort into timber they might eventually harvest. This is in line with the statutory mandate for state forests, but the leases would also include state forested land that is not in a state forest. She emphasized that the state would retain its responsibility under

the Alaska Constitution which includes making timber available for development and use within a sustained yield framework. The department would continue to calculate annual allowable cuts to make sure harvests are meeting the constitutional responsibility for sustained yield. They would maintain significant control including defining the lease terms, defining the goals of the lease, setting management targets, and requiring development plans with dates for phases of development.

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MS. MILLER, in response to a request for clarification from Representative Saddler, called attention to specific sections of the bill. She explained that the bill would add timber leases to a list of exemptions. In addition, the bill would create consistency with other state leasing practices while still maintaining the best interest of the state.

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MR. DOUSE agreed with Representative Mears observation that time frames in forestry are longer than those of other industries. He explained that the state forest management plan includes a five-year plan of timber sales; a best interest finding on current sales; and a forest land use plan which details specifics of the timber sale including boundaries, access, and resources. The contract itself includes authorizations, competitive sales, negotiated sales, contract locations, and the length of contracts.

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CO-CHAIR BURKE pointed out the lack of timber in parts of Alaska.

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MS. MILLER acknowledged this is a new concept and a different approach. She described the process as being less of a land authorization and more of a management delegation to another party.

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MS. MILLER responded to a question from Representative Saddler by explaining that the commissioner would have the authority to

terminate a lease if appropriate. Short of termination, DNR could work with the lessee to come into compliance.

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MS. MILLER responded to Representative Rauscher's observation that the points outlined in the bill don't seem to be outside the existing responsibilities of DNR. She noted that the administrative requirements and responsibilities within the statutes were carried out by DNR every day. However, the concept of leasing the right to manage timber is new. She explained that the division is comfortable writing the regulations for the program. Companies would then nominate land so they could partner with the state to manage certain timber areas. Under those scenarios there should not be a cost to the state, and it should increase revenue to the state.

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MR. DOUSE responded to Co-Chair Burke's request for clarification, explaining that 3.7 million acres of inventory had been completed. That included measuring trees, primarily near road systems. As the road system is expanded, it would be possible to complete more inventory. The bill would help DNR get out into additional areas, enabling more management activities. One of the benefits would be to reduce the amount of timber being imported from the Lower 48 and Canada.

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MS. MILLER showed slide 12, which was a summary of the sectional analysis. It was titled, "HB 72 Sectional," and read as follows [original punctuation provided]:

Sec. Page Description

- 1 p. 1 Exempts timber management leases from the state procurement code
- 2 p. 1 Conforms to timber management lease issuance provisions in Sec. 4
- 3 p. 6 Conforms to timber management lease competitive solicitation and award provisions in Sec. 4
- 4 p. 7 Allows DNR to issue and provides program requirements for timber management leases
- 5 p. 9 Enables DNR to delegate timber management in HSF through timber management leases
- 6 p. 9 Conforms management directive for HSF to accommodate timber management leases

7 p. 9 Allows timber management leases within HSF
8 p. 9 Requires timber management leases consistency with HSF plans
9 p. 10 Enables DNR to delegate timber management in state forests through timber management leases
10 p. 10 Conforms management directive for HSF to accommodate timber management leases
11 p. 10 Requires forest plans to consider timber management leases
12 p. 11 Requires timber management leases consistency with HSF plans
13 p. 11 Addresses applicability of Forest Resources and Practices Act with timber management leases
14 p. 11 Sets an immediate effective date
(HSF: Haines State Forest Resource Management Area)

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MS. MILLER presented the sectional analysis, titled " House Bill 72 Sectional Analysis, Short Title: Timber Management Leases" [hard copy included in the committee packets], which read as follows [original punctuation provided]:

Section 1 adds a new paragraph to AS 36.30.850(b) exempting timber management leases from state procurement laws.

Section 2 amends AS 38.05.035(e)(6) to exempt timber management leases from the typical best interest finding requirement as Section 4 provides a process specific to timber leases.

Section 3 amends AS 38.05.075(a) to exempt a timber management lease (proposed AS 38.05.124) from typical competitive bid requirements, as Section 4 proposes a process specific to timber management leases.

Section 4 amends AS 38.05 by adding new section 38.05.124 governing timber management leases. The proposed new section allows for timber management leases for harvest and management of timber on state forest land for the result of sustained yield of merchantable timber, managed in accordance with the Forest Resource Practices Act's regulatory and administrative standards under AS 41.17.060, if the Department of Natural Resources (DNR) commissioner

finds it is in the best interest of the state. The section, among other things:

- Sets minimum lease requirements
- Establishes a competitive process and sets award criteria
- Requires public notice before issuing a lease
- Limits leases to 55 years with a one-time renewal option
- Enables DNR to terminate a lease if terms are not met
- Requires a fair return to the state, and
- Defines "forest land."

Sections 5-7 amend statutes governing the Haines State Forest Resource Management Area, which is located separately in statute from laws governing other state forests.

Section 5 amends AS 41.15.300(b) to allow DNR to delegate the management of timber located in the Haines State Forest Resource Management Area (HSF) in a timber management lease.

Section 6 amends AS 41.15.315(a) to exempt timber management leases within HSF from the general provisions of the Forest Resources and Practices Act (AS 41.17), except as required under the new leasing provisions in proposed AS 05.124 in bill Section 4, as the lease will include management guidelines specific to that lease.

Section 7 amends AS 41.15.315(d) which governs the sale and disposal of lands within HSF. Allows the commissioner to issue a timber management lease in HSF.

Section 8 amends AS 41.15.315(e) regarding timber management plans in HSF. Requires that a timber management lease issued in HSF be consistent with the applicable management plan, which must identify land appropriate for timber management leases, and allows for the management plan to be amended to allow for timber management leases.

Sections 9-12 amend the Forest Resources and Practices Act, AS 41.17.

Section 9 amends AS 41.17.200(b) to allow the DNR commissioner to delegate the management of timber located in a state forest through a timber management lease.

Section 10 amends AS 41.17.220, management of state forests, to exempt timber management leases from Forest Resources and Practices Act management principles for land within a state forest, except as required under the new leasing provisions in proposed AS 05.124 in bill Section 4, as the lease will include management guidelines specific to that lease.

Section 11 amends AS 41.17.230(a) to include consideration and permit uses of forest land for timber management leasing under AS 38.05.124 in forest management plans.

Section 12 amends AS 41.17.230(g) to require a timber management lease within a state forest to be consistent with the applicable forest management plan, requires the management plan to identify the land appropriate for a timber management lease, and allows the department to amend the management plan for this purpose.

Section 13 amends AS 41.17.900(a) regarding the applicability of the Forest Resources and Practices Act to all forested land under state, municipal, and private ownership by exempting timber management leases under AS 38.05.124, except as required under the new leasing provisions in proposed AS 05.124 in bill Section 4.

Section 14 provides for an immediate effective date.

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REPRESENTATIVE SADDLER referred to section 11, regarding potentially competing leases. He questioned whether this would open DNR to possible nuisance claims, for example, if the timber management lease use was incompatible with activities such as mining, mineral leasing, tourism, and recreation.

MR. DOUSE explained that existing management plans would need to be amended to include the timber management leases.

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MS. MILLER pointed out that the management plan doesn't authorize specific uses. Rather, it provides management guidance which identifies small areas that would not be compatible with the overall statutory guidelines. She provided the example of the Tanana Valley state forest management plan which included a small area committed to a research project. The research project would be incompatible with a carbon offset project, so the research project area would be excluded from that management plan.

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REPRESENTATIVE HALL referred to section 11 and asked what "public notice" would involve. She also inquired whether the process is for written feedback only or would there be an opportunity for public testimony.

MS. MILLER, in response to questions from Representative Hall, described the public notice process, including use of an online system. She pointed out the importance of making the notice understandable to the general public, so individuals could provide comments and feedback. Most administrative decisions such as timber sales and lease issues do not call for public meetings.

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[HB 72 was held over.]

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ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:08 p.m.