

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

February 7, 2025

3:30 p.m.

MEMBERS PRESENT

Senator Cathy Giessel, Chair
Senator Bill Wielechowski, Vice Chair
Senator Matt Claman
Senator Forrest Dunbar
Senator Scott Kawasaki
Senator Shelley Hughes
Senator Robert Myers

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 67

"An Act relating to municipal and state procurement preferences for agricultural products harvested in the state and fisheries products harvested or processed in the state; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 75

"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: SB 67

SHORT TITLE: PROCURE PREF: AGRIC. & FISH PRODUCTS

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/24/25	(S)	READ THE FIRST TIME - REFERRALS
01/24/25	(S)	RES, FIN
02/07/25	(S)	RES AT 3:30 PM BUTROVICH 205

BILL: SB 75

SHORT TITLE: TIMBER MANAGEMENT LEASES
SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/27/25 (S) READ THE FIRST TIME - REFERRALS
01/27/25 (S) RES, FIN
02/07/25 (S) RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

PAULA VRANA, Commissioner
Department of Administration (DOA)
Anchorage, Alaska

POSITION STATEMENT: Introduced SB 67 on behalf of the administration.

ANNA LATHAM, Deputy Commissioner
Department of Commerce, Community and Economic Development (DCCED)
Juneau, Alaska

POSITION STATEMENT: Gave a presentation on SB 67.

TOM MAYER, Chief Procurement Office
Department of Administration (DOA)
Juneau, Alaska

POSITION STATEMENT: Answered questions on SB 67.

ANDREW JENSEN, Policy Advisor
Governor's Office
Anchorage, Alaska

POSITION STATEMENT: Answered questions on SB 67.

JOHN BOYLE, Commissioner
Department of Natural Resources (DNR)
Anchorage, Alaska

POSITION STATEMENT: Answered questions on SB 67.

JOHN BOYLE, Commissioner
Alaska Department of Natural Resources (DNR)
Anchorage, Alaska

POSITION STATEMENT: Introduced a presentation on SB 75.

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

POSITION STATEMENT: Gave a presentation on SB 75.

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

POSITION STATEMENT: Provided the Sectional Analysis for SB 75

ACTION NARRATIVE

[3:30:09 PM](#)

CHAIR GIESSEL called the Senate Resources Standing Committee meeting to order at 3:30 p.m. Present at the call to order were Senators Claman, Kawasaki, Meyer, Hughes, Dunbar, Wielechowski and Chair Giessel.

SB 67-PROCURE PREF: AGRIC. & FISH PRODUCTS

[3:31:02 PM](#)

CHAIR GIESSEL announced the consideration of SENATE BILL NO. 67 "An Act relating to municipal and state procurement preferences for agricultural products harvested in the state and fisheries products harvested or processed in the state; and providing for an effective date."

[3:31:35 PM](#)

PAULA VRANA, Commissioner, Department of Administration (DOA), Anchorage, Alaska, introduced SB 67 on behalf of the Department of Administration, the [Dunleavy] administration, and the Department of Commerce, Community and Economic Development (DCCED). She said SB 67 strengthens Alaska's commitment to supporting local agriculture and fisheries industries by enhancing procurement preferences for state agencies, municipalities and school districts that receive state funding, by raising the required in state purchasing preference from seven percent to ten percent and expanding discretionary purchasing from 15 percent to 25 percent SB 67 ensures that more Alaska grown and harvested products are prioritized in procurement decisions. SB 67 aligns with the recommendations of the governor's Food Security and Independence Task Force and has received broad support from industry stakeholders by enabling more flexibility to select Alaska grown products. SB 67 bolsters the state's economy and food security and helps to ensure a stronger, more self-reliant Alaska. She introduced Deputy Commissioner of the Department of Commerce, Community and Economic Development (DCCED), Anna Latham, and Chief Procurement

Officer for the State of Alaska, Department of Administration, Tom Mayer to continue with the presentation.

[3:33:25 PM](#)

ANNA LATHAM, Deputy Commissioner, Department of Commerce, Community and Economic Development (DCCED), Juneau, Alaska, noted the role of the global [Covid] pandemic to bring attention to Alaska's food security situation. She said one of the Dunleavy administration's initiatives was to increase food security and agricultural sector growth in the state. Administrative order 331 in 2022, established the Alaska Food Security and Independence Task Force, which recommended increasing the procurement and use of Alaska sourced foods within the state and local agencies, institutions and schools.

MS. LATHAM stated that Alaska currently imports 95 percent of its food supplies at a cost of \$2 billion a year.

[3:34:44 PM](#)

MS. LATHAM moved to slide 2 and reviewed Alaska's current procurement code in relation to Alaska grown fisheries and agricultural products. She emphasized that SB 67 addressed only agricultural and fisheries products:

[Original punctuation provided.]

Current Procurement Code

- AS 36.15.050 and AS 29.71.040 require the use of local agricultural and fisheries products by state agencies, school districts, and municipalities that receive state money
- Current statute requires agricultural and fisheries products harvested in the state:
 - Shall be purchased if the product is priced not more than seven percent above a similar product harvested outside the state
 - May be purchased if the product is priced not more than 15 percent above a similar product harvested outside the state

SB 67: Procurement Preference: Agriculture and Fish Products
Department of Commerce, Community and Economic Development (DCCED)

[3:35:34 PM](#)

MS. LATHAM moved to slide 3 and sought to familiarize the committee with the current purchasing process used by the Department of Administration for state agencies:

[Original punctuation provided.]

Current Purchasing Process

- The DOA Office of Procurement and Property Management administers a statewide contract with US Foods (Mandatory for the Department of Corrections and Non-mandatory for all others)
- Local growers register and indicate the products they can provide
- State agencies set up a corporate account with vendor
- Once they've set up an account, there is an option to select Alaska Grown Products
- These are online mobile markets that display Alaska products
- State buyers such as the Department of Corrections and AMHS purchase products based on price after the application of preferences

SB 67: Procurement Preference: Agriculture and Fish Products

Department of Commerce, Community and Economic Development (DCCED)

[3:36:30 PM](#)

MS. LATHAM noted that a recent review of the current list contained only three products available for purchase, indicating room for growth. She said entities qualified to use the US Foods vendor website included, state agencies, federally recognized tribes (those included on the Bureau of Indian Affairs list), the legislative branch, the university, the court system, state boards and commissions, municipalities and school districts.

[3:37:10 PM](#)

MS. LATHAM moved to slide 4:

[Original punctuation provided.]

What Does Senate Bill 67 Do?

- Increases allowable price differentials for state agencies, school districts, and municipalities to purchase more Alaskan agricultural and fisheries products
- Changes the purchase price differential for required in-state purchases from seven percent to ten percent
- Changes the purchase price differential for permissible in-state purchases from 15 percent to 25 percent
- Incentivizes more production of Alaska-grown agricultural and Alaska fisheries products by providing access to institutional markets

SB 67: Procurement Preference: Agriculture and Fish Products
Department of Commerce, Community and Economic Development (DCCED)

MS. LATHAM said Alaskan producers often face cost barriers to market access and have advocated for increased institutional purchases to scale up their production and keep dollars circulating in the Alaska economy. She noted SB 67 made an incremental change [in the required in-state purchases] from seven to 10 percent in order to avoid an adverse effect on school districts, municipalities or state agencies.

[3:38:07 PM](#)

MS. LATHAM moved to slide 5, Discussion of State Procurement Data, a chart comparing procurement by state agencies. She explained that the Department of Administration (DOA), Office of Procurement, recently completed a survey of all the state agencies that purchased Alaska grown agricultural and fish commodities in 2024. She noted from the chart there's a lot of room for growth [to meet in-state procurement requirements]. Out of the \$17 million the state spent on food items, only \$236,000 was spent on Alaska grown.

MS. LATHAM offered to walk through the agencies' purchasing in greater detail.

[3:38:47 PM](#)

CHAIR GIESSEL affirmed a walk-through would be helpful. She expressed curiosity about the three items available for purchase that were mentioned earlier in the presentation.

[3:38:55 PM](#)

MS. LATHAM answered that the three items were potatoes, lettuce and sprouts.

[3:39:08 PM](#)

MS. LATHAM detailed the 2024 Alaska grown purchases by department:

- Department of Commerce, Community and Economic Development (DCCED), Alaska Seafood Marketing Institute purchased \$117,000 worth of scallops and canned salmon for marketing displays at conferences and for nutritional testing.
- Department of Corrections (DOC) exclusively purchased potatoes for a variety of their correctional facilities.
- Department of Labor and Workforce Development (DOLWD) spent seven dollars on sprouts at their culinary institute, Alaska Vocational Technical Institute (AVTEC) in Seward.
- The Department of Transportation spent \$1,000 on the marine highways, on the Aurora and Tustemena [ferries] food service for potatoes.

[3:39:59 PM](#)

SENATOR DUNBAR asked whether it was the opinion of the Department of Commerce, Community and Economic Development (DCCED) that SB 67 would increase the amount of Alaska grown food the state would purchase.

[3:40:14 PM](#)

MS. LATHAM said that was the intent of SB 67.

[3:40:20 PM](#)

SENATOR DUNBAR asked whether there would be additional fiscal notes for SB 67. He noted only one zero fiscal note from Department of Commerce, Community and Economic Development (DCCED), Division of Community and Regional Affairs (DCRA). He asked whether more fiscal notes were anticipated.

[3:40:43 PM](#)

MS. LATHAM said Department of Administration (DOA) also submitted zero fiscal notes which they were prepared to speak about.

[3:40:55 PM](#)

SENATOR DUNBAR asked how more money would be spent [for Alaska grown products] and have zero fiscal notes.

[3:41:06 PM](#)

MS. LATHAM said she would not speak on behalf of DOA, but she expected the change in spending by DCCED would be very small. She deferred to the Chief Procurement Officer for DOA.

[3:41:34 PM](#)

TOM MAYER, Chief Procurement Officer, Department of Administration (DOA), Juneau, Alaska, referred to the chart on slide 5. He pointed out that the increase from seven to ten percent is only three percent or approximately \$7,000 [based on 2024 procurement]. He noted the increase would be split between Alaska Seafood Marketing Institute (ASMI) and Department of Corrections (DOC). He acknowledged that spending would increase [under SB 67]. He said he wasn't aware why other agencies had not submitted fiscal notes.

[3:42:17 PM](#)

SENATOR KAWASAKI noted that SB 67 would apply to municipalities and schools as well as state agencies. He asked whether schools were expected to buy more local [foods under SB 67].

SENATOR KAWASAKI noted that Mr. Mayer nodded an apparent affirmation.

[3:42:34 PM](#)

MR. MAYER noted that the "Polisubs" [Purchasing Entity, line 8] spending on the slide 5 chart totaled \$263,000. He said the US Foods survey report was long and detailed, covering about eleven months of food purchases, predominantly by the Petersburg School District for about \$205,000 and the Delta Greeley School District for around \$58,000. He noted that a lot of schools don't take advantage of [the US Foods contract].

[3:43:11 PM](#)

SENATOR KAWASAKI reiterated that many school districts do not currently take advantage of the [US Foods contract], but if they did, they would likely experience an increase in their costs. In particular, the two school districts mentioned would [see an increase].

[3:43:33 PM](#)

MR. MAYER said there would be a three percent difference and if a school district bought \$500,000 worth of food instead of \$200,000, they would experience an increase.

[3:43:56 PM](#)

SENATOR HUGHES asked for the grand total of spending on food by state departments.

[3:44:10 PM](#)

MR. MAYER answered that the chart on slide 5 represented the total spending reported by state departments and by US Foods. He said the US Foods contract was mandatory for Department of Corrections (DOC) and non-mandatory for all other state agencies. If agencies are purchasing other food, that was not reported, though it was information requested [by the DOA survey]. He said other food was probably being purchased but opined that it was not very much.

[3:44:40 PM](#)

SENATOR HUGHES noted the effort to incrementally increase the percentage of Alaska grown food. She asked whether there had been any cost comparisons between Alaska grown food and food coming to Alaska on barges and whether the difference from seven to ten percent would trigger the requirement to purchase Alaska grown foods.

[3:45:09 PM](#)

MS. LATHAM said DCCED did not take the seven to ten percent increase into consideration. She said they looked at making de minimis changes to the existing statute. The purpose for that was:

1. to increase the [amount of] food that is purchased in state.
2. to increase awareness of in-state producers that want to ramp up their production and have access to commercial markets.

[3:45:35 PM](#)

SENATOR HUGHES appreciated the effort expressed and affirmed that it reflects the desire of producers. She wondered whether the proposed percentage would be effective. She said producers are providing potatoes and carrots and peas and things in the schools and they are willing to step up and produce that, but they need to know a year in advance. She asked whether there was a system in place to gather information for the producers to be able to provide carrots and potatoes.

[3:46:50 PM](#)

MR. MAYER said he was not aware of a system [to provide that level of collaboration] from DOA. He explained that the Office of Procurement establishes contracts but does not engage in marketing. He noted the short growing season in Alaska and said

the fresh foods were available for a very limited time. He said [limited food] storage was also a problem.

[3:47:28 PM](#)

SENATOR HUGHES emphasized that potatoes and carrots do last and said there needed to be more effort to facilitate coordination so growers could eventually reach economies of scale. She acknowledged that she didn't know how to get there and suggested an opportunity for upcoming conversations with producers. She urged progress toward a real difference.

[3:48:08 PM](#)

CHAIR GIESSEL concurred and noted improvements in storage for potatoes and carrots. She said there were full warehouses and that producers were ready to meet the need but must know the need is there. She noted that very few grocery stores were carrying Alaska produce.

[3:48:35 PM](#)

SENATOR CLAMAN questioned whether there was evidence of the capacity to produce enough food to meet the needs of state agencies. He pointed out that DOC's [Alaska grown purchases] totaled \$117,000, less than one percent of their total spending on food. He asked whether there were potatoes and carrots rotting in warehouses because nobody was buying them or if they were they selling. He asked whether SB 67 would result in effectively increased production.

[3:49:55 PM](#)

MR. MAYER appreciated the question. He said the contract DOA established with US Foods specifies that US Foods provides the product. He said that US Foods may source the product from local producers or other growers and then customers shop from [the US Foods] website. He was not aware of an effort [to determine how much local produce US Foods sells].

[3:50:16 PM](#)

SENATOR CLAMAN asked how to determine the actual production levels. restated his question about whether there was evidence that SB 67 would result in growth of Alaska produced food to meet the demand.

[3:50:38 PM](#)

CHAIR GIESSEL suggested that the commissioner of the Department of Natural Resources (DNR) may be able to answer. She asked whether Senator Claman had further follow-up questions.

[3:50:47 PM](#)

SENATOR CLAMAN restated his question about whether there was evidence that SB 67 would result in growth of Alaska produced food to meet the demand.

[3:51:00 PM](#)

MR. MAYER said the Department of Commerce, Community and Economic Development (DCCED), Office of Procurement had not looked at that.

[3:51:08 PM](#)

CHAIR GIESSEL noted the presenters were focused on what [Alaska grown food products] had been used and not on issues of production. She invited concluding statements.

[3:51:38 PM](#)

MS. LATHAM said there may not be a way to provide evidence of exactly what is grown that is not being sold to the commercial market. She suggested that [DCCED] could initiate conversations with the growers about supply and demand to determine the level of viability at a larger scale.

[3:52:12 PM](#)

CHAIR GIESSEL thanked the presenters. She noted available experts on line who may be able to answer the committees' questions on SB 67.

[3:52:45 PM](#)

ANDREW JENSEN, Policy Advisor, Governor's Office, Anchorage, Alaska, discussed the governor's proposals to enhance food production and processing in Alaska. He highlighted the addition of processing and storage equipment at the correctional farm in Point MacKenzie, and said it was available to both the facility and the community. Jensen also mentioned the new owner of a slaughterhouse in Palmer, who seeks more markets, particularly institutional ones, to increase production. He emphasized the need to address market access and awareness to incentivize local food production and improve food security. SB 67 is an attempt to stimulate economic activity in the agricultural sector by increasing Alaska grown food product purchases by state agencies.

[3:55:32 PM](#)

CHAIR GIESSEL asked whether slaughterhouse products were included under SB 67.

[3:55:47 PM](#)

MR. JENSEN noted that livestock was considered an agricultural product. He said hamburger, pork, dairy and poultry products would qualify for the [provisions of SB 67].

[3:56:10 PM](#)

SENATOR WIELECHOWSKI asked whether there were any constitutional issues with SB 67. He said SB 67 essentially imposed price control and mandated that in-state products be purchased. He opined that it may violate free-market ideals. He asked whether there was a constitutional limit, noting the increase from 15 to 25 percent.

[3:56:53 PM](#)

MR. JENSEN answered that when state funds are used, some of the constitutional issues are mitigated. He noted that when ferries were built in Ketchikan using state funds, those questions were mitigated. He said that was why the preference [threshold] was limited to entities that receive state funding. He said he had not heard of any legal questions around increasing the optional preference to 25 percent and if an entity had the money within their budget and could go to 25 percent over, they certainly would be able to purchase that Alaska product.

[3:58:03 PM](#)

CHAIR GIESSEL noted the struggle for school districts with their budgets and observed that it appeared SB 67 would require them to pay three percent more for Alaska [food] products [to be included in school menus]. She asked how that policy meshed with the budget constraints faced by school districts.

[3:58:33 PM](#)

MS. LATHAM said SB 67 was investing 3 percent back in the state from state agencies and from school districts that receive state funding. She said there would be a very incremental cost to the school districts, and that would have to be considered during the legislative process.

[3:59:04 PM](#)

SENATOR CLAMAN noted that all school districts receive state money. He posed a hypothetical scenario in which there are Alaska grown potatoes available on the US Foods website and they cost ten percent more than potatoes grown in Washington, also available through the website. He observed that, under SB 67, the school district would be required to get the Alaska grown potatoes.

[3:59:37 PM](#)

MS. LATHAM affirmed that the school district would be required to buy the Alaska potatoes.

[3:59:46 PM](#)

SENATOR CLAMAN noted that when there are no Alaska potatoes, the school district is allowed to buy the Washington potatoes. It is only when Alaska grown products are available that [state entities] would be required to purchase them over [out of state products].

[4:00:16 PM](#)

MS. LATHAM affirmed that was correct according to existing statute.

[4:00:30 PM](#)

SENATOR CLAMAN commented that when school districts are prepared to purchase, Alaska produce is not usually available.

[4:00:41 PM](#)

SENATOR DUNBAR asked whether Petersburg and Delta Junction school districts were the only school districts to purchase Alaska grown products. He noted that the Matanuska Susitna (Mat-Su) district produces a lot of [the available Alaska grown foods].

[4:01:07 PM](#)

MR. MAYER said the report DOA received from US Foods showed only the two school districts.

[4:01:15 PM](#)

SENATOR DUNBAR noted that the larger school districts were not purchasing local foods. He emphasized the financial constraints on Alaska school districts and suggested they might purchase alternate products, rice instead of potatoes, for example, to avoid having to pay extra for Alaska produced foods. He asked what enforcement mechanism would be imposed to prevent school districts from making those choices.

[4:02:10 PM](#)

MS. LATHAM said there was enforcement in statute, but not when there is substitution of, for example, one starch food for another.

[4:02:25 PM](#)

SENATOR DUNBAR opined that [school districts] would choose to purchase less expensive options over Alaska produced foods when Alaska produced foods were more expensive. He proposed that

state funding for school districts be increased to offset the projected increase to their spending.

[4:03:26 PM](#)

CHAIR GIESSEL invited the Commissioner of the Department of Natural Resources (DNR) to address the issue of production and storage of Alaska grown products and their availability.

[4:04:02 PM](#)

JOHN BOYLE, Commissioner, Department of Natural Resources (DNR), Anchorage, Alaska, introduced himself and emphasized that agriculture was within DNR's wheelhouse. He highlighted the capacity of Alaska producers to grow more if they had a stable market. He noted the existing farm-to-school program previously housed with Department of Natural Resources (DNR), now administered by Department of Education and Early Development (DEED). He advocated for effective collaboration between DEED and DNR to link producers with procurement officers in school districts and establish a consistent demand for Alaska-grown products, allowing producers to plan and supply [food products] accordingly.

COMMISSIONER BOYLE expanded the farm-to-school example to other state funded entities, advocating for the role of government to eliminate communication gaps and facilitate the exchange between producers and procurement officers. He opined that Alaska producers could compete with lower 48 suppliers if given the right market conditions.

[4:08:29 PM](#)

CHAIR GIESSEL noted future hearings on Alaska agriculture were scheduled.

[4:08:47 PM](#)

SENATOR WIELECHOWSKI noted the assertion that most Alaska producers could be competitive with outside producers and asserted that Alaskan consumers would prefer to buy Alaskan grown products, over products from out of state. He asked why it was necessary for government to step in and basically force organizations to pay higher prices for those goods. He suggested that government's role might be to educate and advertise rather than forcing organizations to pay more.

[4:09:34 PM](#)

COMMISSIONER BOYLE noted the dual nature of the issue, emphasizing that some Alaska producers can already compete with imported products, while others may need certainty to scale up

their operations to become competitive. He highlighted the potential for producers to invest in equipment and processing tools which could lower their costs and achieve economies of scale, bringing their products to competitive levels.

COMMISSIONER BOYLE offered Alaska Range Dairy as an example. He said the dairy produced high-quality milk that was competitively priced compared to organic or other premium milks from the Lower 48. He stated that Alaska products might initially cost more, but their superior quality and potential for cost reduction through scaling made them competitive.

[4:11:52 PM](#)

SENATOR CLAMAN asked how much of the food products grown in Alaska, except for fish products, were exported or if they were all consumed in Alaska.

[4:12:10 PM](#)

COMMISSIONER BOYLE said he would provide that figure at a future meeting.

[4:12:14 PM](#)

SENATOR CLAMAN also asked for more data demonstrating that there is a market to produce more and price data to support the expectation of economies of scale.

[4:12:53 PM](#)

CHAIR GIESSEL held SB 67 in committee.

SB 75-TIMBER MANAGEMENT LEASES

[4:12:56 PM](#)

CHAIR GIESSEL announced the consideration of SENATE BILL NO. 75 "An Act relating to timber on state lands; relating to timber management leases; and providing for an effective date."

[4:13:18 PM](#)

JOHN BOYLE, Commissioner, Alaska Department of Natural Resources (DNR), Anchorage, Alaska, introduced a presentation on SB 75 by first introducing himself and Jeremy Douse, the new state forester.

COMMISSIONER BOYLE said SB 75 aimed to revitalize the timber industry in Alaska in line with the broader theme for Department of Natural Resources (DNR) which is to think about how the state monetizes and considers these neglected sectors [agriculture and timber] of the economy.

COMMISSIONER BOYLE reminisced about the robust timber industry in Alaska with multiple pulp mills and logging camps and noted notes that Alaska's timber played a significant role in building towns and supplying timber worldwide. He said the industry's decline began in the 1990s with changes in federal forest management, particularly on the Tongass National Forest and that the economic challenges and the lack of a market for various timber products led to the industry's steady decline.

[4:17:42 PM](#)

COMMISSIONER BOYLE said the state had over 50 million acres of forested land, a relatively small amount of which was classified as state forest and most of the land was not actively managed for timber. He noted loss of timber due to bark beetle infestations and wildfire and suggested those losses were due to lack of management. He said those losses impacted the commercial activities of businesses that were creating cabin kits, cabinets and other types of furniture.

COMMISSIONER BOYLE said SB 75 aimed to create a structure to incentivize private investment in state forested lands to manage, replant trees, apply commercial thinning techniques and other forest management practices to maximize timber production. He said SB 75 was based on successful practices in Canada and other countries with robust timber industries. He highlighted Sweden's successful silviculture program and its multi-billion-dollar timber industry and suggested that Alaska could adopt similar management philosophies to create new opportunities in the timber sector.

COMMISSIONER BOYLE said the state would continue to exercise its regulatory and constitutional responsibilities to protect the natural environment and ensure sustained yield while allowing private investment to create new jobs and economic growth. He said SB 75 would revitalize Alaska's timber industry and make it a more significant contributor to the state's economic growth.

[4:22:37 PM](#)

JEREMY DOUSE, State Forester and Director, Division of Forestry and Fire Protection, Department of Natural Resources, Fairbanks, Alaska, moved to slide 2 and began a presentation on SB 75. Slide 2 is a map of Alaska, illustrating the Forested Lands in State Ownership. He said the presentation aimed to provide some background and a snapshot of forestry in Alaska now and describe a plan. He emphasized the challenge of inaccessibility and timber quality variations of these forests. He said Alaska owned

52.5 million acres of forested land, with the Division having inventoried 3.7 million acres, primarily focusing on state forests and accessible lands suitable for management:

[Original punctuation provided.]

Forested Lands in State Ownership

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

Forested Lands by Area

Area	Acres
Chugach	136,314
Copper River	3,730,988
Delta	1,658,487
Fairbanks	5,910,490
Galena	2,989,325
Haines	175,367
Kenai	551,237
Military	8,214
MatSu	4,245,016
SouthWest	18,454,307
Tanana	7,525,903
Tok	281,656
Tongass	281,656
Upper Yukon	3,488,127

[4:23:57 PM](#)

MR. DOUSE noted the lack of [state] ownership in Southeast [Alaska] and on the Kenai Peninsula and in South Central [Alaska], where some of our most productive forests are. He explained these were federal forests, the Tongass and Chugach National Forests.

[4:24:17 PM](#)

MR. DOUSE moved to slide 3 and said the administration's vision for the state's forest assets focused on increasing stewardship and use of state forested lands to improve forest health and community protection. Increased management activities include building more infrastructure, roads and bridges, to gain access and conducting more silvicultural activities to manipulate forest stands and meet desired future conditions. He said these activities would boost the forest products industry and its impact on the state's economy, particularly in rural areas, and utilize local resources more effectively. He noted that Alaska

consumes approximately 100 to 120 million board feet of forest products annually and a significant portion was imported from Canada and the lower 48 states. The desire was to use more of the local resource to meet the local need:

[Original punctuation provided.]

[Photo of milled lumber.]

Vision for Alaska's forest assets

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

[4:26:07 PM](#)

MR. DOUSE moved to slide 4 and said SB 75 aimed to enhance forest management by partnering with the private sector to increase on-the-ground activities. He expressed gratitude for the legislature's support in passing the lumber grading bill in 2024 and the expedited timber sale bill, which benefit the industry. He emphasized that SB 75 was the next step toward allowing the industry to build and grow capacity by focusing on actively managing forest resources:

[Original punctuation provided.]

[Photo of a log yard.]

How to get there?

- 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

[4:27:04 PM](#)

MR. DOUSE moved to and narrated slide 5. He said current forest conditions in Alaska are typically mature or old forests with difficult access. He contrasted that with actively managed forests and explained that active management results in a variety of age classes and forest cover types, increasing the system's resilience to disturbances and benefiting the forest products sector by providing more raw materials for value-added products. He said forest succession trajectories are altered by active management, diversifying forest stands on the ground, increasing resilience and aiding in community protection by mitigating risks from wildfires and beetle outbreaks:

[Original punctuation provided.]

[Autumn photo of diverse species forest.]

Defining 'active forest management'

- 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

[4:28:39 PM](#)

MR. DOUSE moved to slide 6, illustrating examples of disturbance events in mature forests:

[Original punctuation provided.]

Benefits of active forest management

[Photo of a forest impacted by windfall.]

[Photo of a bark beetle.]

[Photo of a forest following a recent fire.]

[4:29:05 PM](#)

MR. DOUSE explained that the first photo on slide 6 was from a significant wind event that occurred in the upper Tanana region in 2014, highlighting the lack of management due to inaccessibility. He said old forests in these areas often suffer from root rot and various stem rots, which are exacerbated by wind events leading to blow downs. Big blow down areas often result in outbreaks of insects like IPS beetles or spruce beetles. He compared that with examples of management activities in specific areas like Willard Creek Road in the Susitna Valley and Wise Owl Road near Soldotna, where vigorous spruce seedlings are observed, explaining that young trees are more resistant to insect infestation.

[4:30:29 PM](#)

MR. DOUSE said fire was another common disturbance, especially in the boreal forest, where black spruce requires it for regeneration. Management strategies include creating fuel breaks and thinning to prevent fires near communities and to utilize the material for market purposes, enhancing forest health and resilience.

[4:31:08 PM](#)

MR. DOUSE moved to slide 7 and highlighted the benefits of active forest management, using an example from the southeast state forest comparing two areas of a forest, one of which was thinned, and the other was not. He emphasized the necessity of increasing thinning projects in Southeast Alaska to enhance forest health and habitat suitability for wildlife:

[Original punctuation provided.]

Benefits of active forest management

[Photo of a forest with space between trees and diverse undergrowth.]

Thinned 30-year-old stand, Southeast State Forest

[Photo of a forest with dense tree population and little undergrowth.]

Un-thinned 30-year-old stand, Southeast State Forest

[4:31:59 PM](#)

MR. DOUSE moved to and narrated slide 8:

[Original punctuation provided.]

Senate Bill 75: Timber Management Leases

- 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

[4:32:53 PM](#)

MR. DOUSE moved to slide 9 and discussed the potential for leases to include management activities to forestry operations. These activities could include road construction and maintenance, bridge construction, timber harvest, and silvicultural practices like reforestation and site preparation. He suggested that the industry could take on responsibilities usually managed by the state, including intermediate treatments such as pre-commercial thinning and fire mitigation. He said this approach could increase efficiency in meeting reforestation requirements and forest management overall:

[Original punctuation provided.]

Management activities under leases

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

[4:33:45 PM](#)

RENA MILLER, Special Assistant, Commissioner's Office, Department of Natural Resources, Anchorage, Alaska, provided the Sectional Analysis for SB 75. Slide 10 provided an outline of the sectional analysis:

[Original punctuation provided.]

Senate Bill 75 Sectional Analysis
Short Title: Timber Management Leases

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.

[4:35:14 PM](#)

MS. MILLER continued to explain the sectional analysis for SB 75 and said Section 4 was the heart of the new timber management leasing program:

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."

[4:36:42 PM](#)

MS. MILLER continued to explain the sectional analysis for SB 75:

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. Page 2 of 2 34-GS1450\A.

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.

[4:37:15 PM](#)

MS. MILLER continued to explain the sectional analysis for SB 75:

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.

[4:37:46 PM](#)

MS. MILLER continued to explain the sectional analysis for SB 75:

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.

[4:38:47 PM](#)

SENATOR MYERS questioned the nomination process for leasing state forest land, expressing concern about potential outbidding.

[4:39:44 PM](#)

MS. MILLER explained that the process allowed interested parties to express interest in using specific land, which is then assessed by the Commissioner for suitability. If suitable, a public solicitation for competing proposals ensues. This approach ensures that the state explores the best options, maximizing benefits and aligning with constitutional

requirements, by considering public input and alternative proposals.

[4:41:01 PM](#)

SENATOR MYERS suggested a scenario where only a few proposals out of many were deemed acceptable. He proposed introducing a right of first refusal for those who nominate land, allowing them to have the first opportunity to purchase it if they believe they can utilize it effectively. He cautioned against granting an absolute right of first refusal to prevent underbidding. He sought to balance the interest in nominating land with the need for fair and competitive bidding.

[4:42:02 PM](#)

MS. MILLER asked for the opportunity to consider Senator Myers' suggestion with the Department of Natural Resources (DNR) Commissioner's office and the Department of Law (DOL) and respond in writing or at a future hearing.

[4:42:15 PM](#)

CHAIR GIESSEL concurred.

[4:42:19 PM](#)

SENATOR DUNBAR inquired about the scale of forest leases. He referenced systems in Canada and Sweden and sought clarification on the typical size of these leases, questioning whether it is 1,000 acres or 100,000 acres, acknowledging that the size can vary depending on the forest.

[4:42:57 PM](#)

MS. MILLER said SB 75 does not set a maximum acreage on one of these leases for Alaska. She deferred to Mr. Douse to answer about Canada and Sweden.

[4:43:08 PM](#)

MR. DOUSE said he had some awareness of Canada's system, though not of Sweden's. He described Canada's system of forest tenures managed at the province level. He said forested Crown lands were leased out for management and the scale of the leases depended on the [expected] profitability. He said Sb 75 would be similar.

[4:44:01 PM](#)

SENATOR DUNBAR asked for a better sense of the size of management areas.

[4:44:31 PM](#)

SENATOR DUNBAR inquired about the operation of land leasing in Canada, specifically questioning the size of leased areas and the feasibility of small parcels.

SENATOR DUNBAR expressed concern about the historical practice in the U.S. where some users of Bureau of Land Management lands benefited from low prices, leading to wealth and political influence, potentially at the expense of fair market value to the state. He questioned the lack of a competitive bid process for leasing land, suggesting that the highest bidder could ensure objective value, unlike the proposed system. He asked how minimum value would be determined and why not lease to the highest bidder.

[4:45:54 PM](#)

MS. MILLER clarified that a lessee may bring non-monetary factors to the partnership. She highlighted the importance of managing state forest lands for multiple state values, including revenue and healthier forests, and for recreation, hunting, fishing, and subsistence, which are valued by Alaskans. She acknowledged the importance of a fair return to the state and said that included revenue and public benefits, such as employment in remote areas. She said the qualifications of lessees would include their experience and willingness to manage activities. She said those would be crucial factors considered by the commissioner.

[4:47:57 PM](#)

SENATOR WIELECHOWSKI expressed concern that SB 75 fails to uphold constitutional obligations to manage timber and wildlands responsibly. He noted the absence of key protections for public interest, such as procurement processes, best interest findings, and competitive bidding, which he argued are crucial for transparency and fairness. The speaker also notes the lack of public opportunity to comment and the potential for long-term (110 years) leases. He said he would need time for a thorough review of the bill.

[4:48:57 PM](#)

MS. MILLER explained that Department of Natural Resources (DNR) incorporated new ways to get to the same constitutional responsibilities and obligations in SB 75, noting that the Constitution doesn't explicitly require [specific protections, such as] a best interest finding. She described SB 75 as a new framework that is more of a partnership, contracting with another party to execute the state's management responsibilities, while the state retains its constitutional

responsibilities for sustained yield and setting annual allowable cut.

[4:49:44 PM](#)

SENATOR CLAMAN noted that SB 75 proposes a whole new sale procedure which will lead to new regulations. He asked whether Department of Natural Resources (DNR) was selling or leasing other things under procedures comparable [to SB 75].

[4:50:17 PM](#)

MS. MILLER asked to get back to the committee after consultation with DNR.

[4:50:34 PM](#)

SENATOR CLAMAN referred to SB 75, page eight [line 18] and asked how DNR arrived at the lease period of 55 years.

[4:50:53 PM](#)

MS. MILLER said 55 years was the standard lease duration used in statutes. She explained that it was considered a reasonable timeframe for partnerships, equating to an adult lifetime. She noted that SB 75 also provided for reassessment at the 55-year point to ensure both parties were still willing to continue the partnership. She suggested that this approach was particularly relevant to forestry and deferred to Mr. Douse for further insights.

[4:51:52 PM](#)

MR. DOUSE explained that a new stand of timber would be established after 55 years, but not likely to be ready for harvest until another full 55-year rotation [110 years total].

[4:52:33 PM](#)

SENATOR CLAMAN asked what the typical seedling to merchantable timber size timeline would be for Alaskan forests. He said 55 years seemed short.

[4:53:01 PM](#)

MR. DOUSE concurred. He said some of the hardwoods [in Alaska] like birch or aspen might be ready [for harvest after 55 years] if there was a market for it. Conifers would not be ready after 55 years.

[4:53:21 PM](#)

SENATOR CLAMAN called attention to the allocation of merchantable timber in Alaska, particularly the Tongass, noting that the federal government and native corporations had priority

over state-owned forests. He questioned whether there was good merchantable timber on state lands and asked where those forests were that could produce 110 to 120 million board feet a year.

[4:54:26 PM](#)

MR. DOUSE affirmed that the state did get "third pick", however he emphasized that there are forests that can be managed for valuable timber resources, particularly in the interior. He said timber was being managed where there was access, and there was saw timber in stands without access, that therefore can't be managed. He reiterated that there was demand for 120 million board feet a year, and there was market opportunity. He offered to show members of the committee [the applicable forests].

[4:55:30 PM](#)

SENATOR MYERS noted the mention of the Haines State Forest (HSF) and asked why there was no mention of the Tanana Valley State Forest.

[4:55:47 PM](#)

MR. DOUSE noted that the HSF was created under a different statute and pointed out that the Haines State Forest designation included multiple use designations that distinguished it [from other state forests].

[4:56:24 PM](#)

MS. MILLER clarified that the Haines State Forest was the only named state forest in statute; the other state forests were referred to [in statute] as state forests generally and so were not called out specifically in SB 75.

[4:56:44 PM](#)

CHAIR GIESSEL invited closing remarks by the commissioner of DNR.

[4:56:58 PM](#)

COMMISSIONER BOYLE emphasized the need for a paradigm shift in Alaska's forest management. He suggested that incentivizing new investments could yield merchantable timber more quickly, benefiting future generations. He highlighted the importance of investing in Alaska's forestry sector now for long-term economic gains, noting that while current public servants may not see direct benefits, future Alaskans will reap the rewards. He expressed gratitude for the committee's hearing and looked forward to further discussions on revitalizing Alaska's forestry industry.

5:00:21 PM

CHAIR GIESSEL held SB 75 in committee.

5:00:38 PM

There being no further business to come before the committee, Chair Giessel adjourned the Senate Resources Standing Committee meeting at 5:00 p.m.