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CS for House Bill No. 306 (Resources):

"An Act making a special appropriation to the Department of Commerce and Economic Development for the promotion of forest products and providing for an effective date."

Department Position Statement: The Department of Commerce and Economic Development supports the Committee substitute for House Bill 306, making a special appropriation to the Office of Forest Products for the promotion of Alaskan forest products. This bill responds to the broadly recognized need for a statewide forest products market development program. During this time of declining oil revenues, it is more important than ever to promote the economic development of our timber resources.

Background: The Office of Forest Products was formed in September 1984 as an advocacy office for the forest products industry within the economic development arm of the department. The office operates with a staff of two and budget of under \$200,000. Objectives of the office include:

- * To act as a facilitator in market development for Alaska's wood products.
- * To promote a business climate which affords an economically viable industry with a competitive market position.
- * To aid industry in forming a statewide forest products association and market development strategy.
- * To promote better knowledge and understanding of Alaska's forest industry and the products produced.

Last Spring, the office formed a Market Advisory Committee consisting of private operators statewide. The committee has functioned to determine areas of marketing activity that can be pursued for the common good of the industry and plan how industry can better organize in order to deal with market development, communications, and government relations. The committee has also defined specific market development activities in which they would like the Office of Forest Products to participate.

Program: The Market Advisory Committee would serve as an important advisory ingredient in the planning and implementation of the market development and promotion program.

The program would include activities such as:

- Initiation of a program to establish a certified lumber grading system.
- Generic advertising.
- Publication and translation of technical species and product brochures.
- Sample shipments of wood products to new potential markets.
- Trade Show participation.
- Communication and contact with architects, contractors, municipalities, State agencies, and other users.
- Facilitate and participate in trade missions.
- Economic research of the markets.

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Benefits: The State has two major reasons for being involved in supporting the timber industry through these kinds of activities. The first relates to the State's interest in the social and economic well-being of the State as enhanced by economic diversification. The chart below shows the direct employment benefit per million board feet.

The second reason relates to the State's role as a major timberland owner. The revenue generated in the form of stumpage fees from State timber sales can be significant.

Conclusion: The State has an important role to play as an active participant and facilitator in the development of Alaska's timber resources. A dedicated resource base for timber production and a market development program provide the organized process needed to move us toward our goal to strengthen and expand a statewide forest products industry. The department fully supports the appropriation provided in HB 306 to help attain this goal.

Jobs Created Per Million Board Feet

	<u>Workers per MMBF</u>
Logging	2.4
Sawmilling green lumber	1.2 to 1.7
Sawmilling cants	1.0
Sawmilling dried lumber	2.0 to 2.3
Remanufacturing lumber	7.9 to 8.3
Pulp	2.4
Plywood	5.2

The figures are from U.S. Forest Service employment studies.

Loren H. Lounsbury
Loren H. Lounsbury, Commissioner
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