

S B

5 2 7

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-485-2400

March 18, 1986

The Honorable Arliss Sturgulewski
Chair, Senate Resources Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator *Arliss* Sturgulewski:

The Department of Natural Resources has reviewed SB 327, a bill which allows the department to grant purchaser credits in timber and material sales for expenditures that result in lasting benefits to the state. Since roads built to access materials typically have no other use and materials for public roads are provided free of charge, no real purpose is served by including materials within the scope of this bill. Accordingly, we request that references to materials be deleted from SB 327. ←

We would also ask for clarification of the general intent of SB 327. If the bill is intended to provide a timber sale purchaser with credits for the cost of roads, bridges, or other expenses above and beyond those credited under the original sale contract, the department would be very supportive of the bill. Under this intent, the department would, for example, be able to provide the purchaser with credit for constructing roads that may not be necessary for harvesting timber but would be useful to the public for hunting, fishing and recreational access.

If, however, the intent of SB 327 is to limit credits allowed the purchaser for roads, bridges and other expenses necessary to harvest timber, the department would find it difficult to support the bill because of its possible detrimental affects on the timber industry. ← Currently, timber sale contracts set stumpage prices at net rate, inclusive of production costs. Roads and bridges needed to access timber are purchased by the state as part of the timber sale contract.

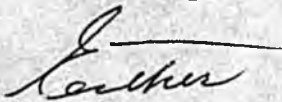
The Hon. Arliss Sturgulewski -2-

March 18, 1986

Roads and bridges designed for public use must be built to high standards and can be very costly. Limiting the ability of the purchaser to subtract the cost of building these facilities from the amount owed the state for timber could effectively prevent timber industry participation in state timber sales.

We would be happy to work with the bill's sponsors and the committee concerning this bill. Please let me know if I may provide additional information or assistance.

Sincerely,



Esther C. Wunnicke
Commissioner

cc: Senator Kattula
John Sturgeon

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : SB 327
 Title : Credits in Timber and
 Material Sale Contracts

Sponsor : Senator Kerttula
 Requestor : Senate Resources Committee
 Date of Request : 3/14/86

FISCAL DETAIL

Agency Affected : Natural Resources
 BRU : Forest Management

Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
----------------	-----	-----	-----	-----	-----	-----

REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
----------------	-----	-----	-----	-----	-----	-----

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by : Carol Wilson
 Division : Commissioner's Office

Phone : 465-2400
 Date : 3/18/86

Approved by Commissioner : James D. Arnold, Deputy
 Agency : Natural Resources

Date : 3/20/86

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)