

SR

7

STATEMENT OF CRAIG J. LINDH
OFFICE OF THE GOVERNOR
DIVISION OF GOVERNMENTAL COORDINATION
OFFICE OF MANAGEMENT AND BUDGET
STATE OF ALASKA
BEFORE THE SUBCOMMITTEE ON PUBLIC LANDS
HOUSE INTERIOR AND INSULAR AFFAIRS COMMITTEE
OVERSIGHT HEARINGS ON THE TONGASS NATIONAL
FOREST PURSUANT TO SECTION 706(b)
ALASKA NATIONAL INTEREST LANDS CONSERVATION ACT
MAY 8 - 9, 1986

Mr. Chairman, and members of the Committee:

My name is Craig Lindh. I am employed by the State of Alaska in the Office of Management and Budget, Division of Governmental Coordination. With me is Mr. Eric Laschever of the Alaska Governor's office in Washington, D.C.

I am here today to present testimony on behalf of the State of Alaska regarding its concerns with management of the Tongass National Forest in the southeast part of our state, and with Forest Service implementation of Section 705 of the Alaska National Interest Lands Conservation Act (ANILCA). The State of Alaska and several other entities in Alaska were specifically named in Section 706(c) as participants in the preparation of a status report on the Tongass Forest required by Section 706(b). For this reason, and because the State of Alaska has an enduring interest in federal land management as it affects the lives and varied livelihoods of Alaskans, we have followed closely the Forest Service's preparation of this status report.

One of the most difficult issues which faced Congress during the ANILCA deliberations was to simultaneously satisfy the national desire for the protection of large acreages of wilderness in the Tongass National Forest while continuing to maintain employment in the existing timber industry which depended on federal timber supplies. By adopting Section 705 of ANILCA, Congress reaffirmed the Forest Service's long-standing social objective of creating and maintaining year-round employment and community stability based on the timber resources of the Tongass Forest. The economies of Ketchikan, Sitka, Wrangell and Petersburg have, in varying degrees over the past 30 years or more, been shaped by this federal policy.

These and other communities in Southeast Alaska also rely, to a greater or lesser extent, on other natural resource values of the Tongass for their economic and cultural well-being. The importance of Southeast Alaska's commercial fishing industry can be appreciated when one considers that the 1982 harvest of salmon, for example, was in excess of 29 million fish, or more than 3½ times the combined catch of Washington, Oregon, and California. The recreational value of hunting and fishing in Southeast Alaska has worldwide recognition, as evidenced by the thousands of visitors and residents alike who spend considerable sums to visit the Tongass. Southeast Alaska's fish and wildlife populations are also an important subsistence resource for its citizens, regardless of their occupation. This is a part of the United States where local residents can still count on

supplementing their income by putting wild meat in the freezer at a reasonable cost. Both timber and fisheries production are important in the management of the Tongass Forest and the state wants to ensure their compatibility.

Commercial timber resources, as well as other commodity and noncommodity resources in portions of the forest outside of designated wilderness areas are intended to be managed, utilized and protected in accordance with the Tongass Land Management Plan (TLMP), and applicable law.

It is clear from reviewing Chapter 7 of the 706(b) status report that none of the contributors is wholly satisfied with the current status of the Tongass Forest. Some are dissatisfied with the terms of Section 705, others with its implementation. The State of Alaska does not seek or support the amendment or repeal of Section 705 of ANILCA. While some may advocate repeal or amendment of this section, any such action by Congress at this time would be a serious mistake. The legislative solution to competing demands for the resources and uses of the Tongass Forest was extremely difficult to achieve. We believe that this solution has not been fully tested. Until fully tested and found to be deficient, we cannot support any substantive alteration of Section 705. We are, however, interested in seeing that the provisions of this section are properly implemented by the Secretary of Agriculture and the Forest Service. On a number of occasions, the State has urged the Forest Service and the

Department of Agriculture to provide additional funds for the purposes identified in Section 705 and TLMP and to fully implement TLMP's other provisions.

In its recent efforts to evaluate and amend TLMP (a periodic requirement of the National Forest Management Act, or NFMA), the Forest Service, to its credit, has acknowledged a number of steps which it must take to achieve full implementation of the plan. An amended version of TLMP is expected to be adopted by the Forest Service this month. Time will tell if acknowledgement is followed by accomplishment. To some degree, this will require a reallocation of agency resources and additional funds. At page 83 of the 706(b) report you will find the views of the State of Alaska. In this report, we have reiterated a number of specific recommendations to the Forest Service which, if taken together, would greatly improve the implementation of Section 705 of ANILCA as Congress intended, and TLMP as adopted pursuant to NFMA.

As our contribution to the report indicates, not enough money has been provided pursuant to Sec. 705, to achieve the Congressional employment objective. It may be that no amount of federal money would cause timber industry employment to return to pre-ANILCA levels under the current depressed market conditions. We believe however, that additional funds may be appropriately applied to the construction of roads specified in timber sale contracts, to more fully implement mitigating measures, to expanded monitoring and reporting on the effectiveness of these measures, and to the

loan program of Section 705(b). The surviving members of the timber industry recognize the necessity of adjusting to new markets in a competitive environment, and with assistance from the State of Alaska, are attempting to open new Pacific Rim markets, as well as to capture a larger share of Alaska's relatively small domestic market.

The State of Alaska has on numerous occasions requested that the Forest Service increase the amount of money which it allocates to road construction. We are not urging the construction of roads just for the sake of building them, or the development of an unneeded transportation system. Rather, the State of Alaska has urged the Forest Service to fund roads which will most efficiently provide access to commercial timber with the potential of economic viability. During the past 5 years, the Forest Service has elected to "preroad" with ANILCA funds. Unfortunately some preroading has not provided access to timber scheduled for harvest in the near term. This preroading is accomplished by construction contracting in advance of timber sales. Where the Forest Service does not elect to preroad, it requires, as a condition of its timber sale contracts, that certain "specified roads" be built by the timber purchaser. Under favorable market conditions, the purchaser of this type of timber sale is reimbursed, or compensated, for the roads he has constructed. This compensation is made by the Forest Service in the form of credit against federal timber harvested by the purchaser. Under the current depressed market situation when the value of timber

is low, the purchasers of these timber sales are not reimbursed for the costs of necessary road construction which they incur. At page 59 of the report, the Forest Service acknowledges that one of the possible consequences of this situation is that dependent purchasers, in order to secure their timber supplies, may have to operate at a loss. During the past few years in Southeast Alaska, we believe that this situation has contributed to closures or reduced operations of mills and logging camps in the timber industry, and accounts for the absence of bidders on many recent Forest Service timber sale offerings.

We believe that the Forest Service currently has sufficient authority to compensate timber purchasers monetarily for their construction of specified roads when purchaser credits are not available. Equitable compensation of timber purchasers would bring needed relief to the dependent industry. It may not increase the purchasers' profits, but it will reduce their costs substantially. Such compensation should not be treated as a cost to the government, but rather as a public investment in a federal transportation facility which is expected to serve future users of the Tongass Forest.

The Forest Service is to be commended for lowering some of the other logging costs experienced by purchasers of Tongass timber. We believe that there may be room for some additional cost cutting measures, although we caution against measures which

could pose unacceptable risks to other resource values of the Tongass.

The potential for adverse impacts from timber harvesting and associated activities is greatest on those portions of the Tongass Forest which possess commercially valuable timber outside of designated wilderness areas. It is from these areas, because they are often close to communities, that much of the fish and wildlife harvesting occurs, and water is drawn for human consumption. While some impact is unavoidable in pursuing timber harvest objectives, this impact must be consistent with the protective provisions of TLMP, and applicable laws and regulations, including where appropriate, Alaska's coastal management program. We believe that inadequate implementation of these provisions may jeopardize the wildlife and fisheries values in the Tongass Forest, as well as water quality as it relates to fisheries and human consumption.

In the past decade, we have learned a lot about the impacts of developmental activities on fish and wildlife populations and their habitats in Southeast Alaska's mature (200-300 years old) rain forest. This is recognized by biologists both within the Forest Service and the Alaska Department of Fish and Game. It is generally agreed, for example, that harvesting of mature timber stands eliminates important winter habitat for Sitka black-tailed deer and other species.

It does this by removing a forest that the absence of forest fires has allowed to develop over a period of hundreds of years. Such a forest is composed of trees of all ages and sizes. In this environment, deer can move about freely in tough winters beneath the canopy of large trees which intercept deep snowfalls and next to openings where sunlight encourages the seasonal growth of essential food plants.

Research is currently underway to determine the ability of second-growth stands, with special silvicultural treatment, to duplicate many of the habitat characteristics naturally found in old growth stands. The effectiveness of this treatment, however, has not yet been demonstrated. The long-term success of maintaining deer winter habitat in conjunction with the timber harvesting contemplated in TLMP is, therefore, only speculative.

Forest practices associated with commercial timber harvesting and road construction rely on the application of best management practices to accomplish needed resource protection. Best management practices apply the best current knowledge to avoiding or mitigating unacceptable impacts. The TLMP and associated Forest Service Alaska Regional Guide are replete with such practices designed to provide some measure of habitat protection for deer, Alaska brown bear, and other highly valued wildlife species - including the largest concentration of American bald eagles in the United States. Unfortunately, as the Forest Service readily concedes, these practices have not been

implemented sufficiently enough for us to know how well ANILCA provides fish and wildlife protection on the Tongass Forest.

It is essential that these practices be improved through additional research, and that the results of that research also be applied by the Forest Service in reaching its land management decisions.

And finally, it is also essential that mitigating measures and best management practices be monitored for their effectiveness. We believe that the Forest Service must engage in an expanded effort to implement, improve, and monitor the effectiveness of measures which it adopts to protect fish and wildlife, and water quality in the Tongass National Forest. To the extent that the State can assist the Forest Service in these efforts, it will do so. Recent dialogue with the Forest Service, for example, indicates a willingness to discuss development of an initial study of selected Tongass streams. Such a study would yield the baseline data necessary to establish an on-going Forest Service monitoring program for water quality in streams subject to the influence of logging, road construction and other development activities.

In conclusion, the State of Alaska believes that additional time, and the willingness of the Forest Service to adopt our recommendations, are needed to see if the legislative solution for the Tongass Forest will work as Congress envisioned it. We believe

that a much fuller evaluation of ANILCA's success will be possible by 1989 when TLMP is scheduled for revision. In the interim, Congress will have another opportunity in 1987 to review management of the Tongass Forest. It is the state's hope that significant progress can be reported at that time. Thank you.

TESTIMONY OF CRAIG J. LINDH, DIVISION OF GOVERNMENTAL COORDINATION, OFFICE OF THE GOVERNOR, SENATE RESOLUTION NO. 7, FIFTEENTH LEGISLATURE, FIRST SESSION, BEFORE THE SENATE RESOURCES COMMITTEE.

February 23, 1987

Mr. Chairman, members of the committee, ladies and gentlemen. My name is Craig Lindh. I am employed in the Division of Governmental Coordination, Office of the Governor. I am here today on behalf of the Administration and concerned state agencies including the Departments of Commerce and Economic Development, Natural Resources, Fish and Game, and Environmental Conservation.

Senate Resolution No. 7 addresses a matter which has been of long-standing interest to the State of Alaska. In 1985, the state participated with other entities named in Section 706(c) of the Alaska National Interest Lands Conservation Act (ANILCA) in a review of Tongass Forest management. This review was part of a reporting requirement placed on the Secretary of Agriculture by Congress in Section 706(b) of ANILCA. The timber industry which depends on national forest timber supplies in southeast Alaska was another participant in the review process, as were the Sealaska Corporation, the Southeast Alaska Conservation Council, the Alaska Land Use Council, and representatives of the commercial fishing industry in southeast Alaska. I expect that most, if not all, of these participants are represented here today.

In May of last year, contributors to the ANILCA Sec. 706(b) report, as well as people from a number of communities in

southeast Alaska, testified at Congressional oversight hearings in Washington, D.C. For the record, I am submitting the state's testimony which was presented at those hearings. As many of you are aware, there is a high degree of interest in Tongass Forest issues, both here in Alaska and in the lower 48 states.

Congress will be asked this year to amend or repeal Section 705 of ANILCA. This is the section which directs the Forest Service to provide a timber supply to the dependent timber industry and guarantees a minimum funding level outside of the normal appropriations process to enable the Forest Service to accomplish it. The Congressional objective of this provision was to maintain employment in the dependent timber industry at pre-ANILCA levels by providing a timber supply while ensuring that other resources of the forest were managed in accordance with the Tongass Land Management Plan (TLMP) and applicable federal law.

The Administration does not support substantive changes in Section 705 at this time because it believes that provisions of TLMP need to be more fully implemented before it can be determined how well ANILCA can solve existing problems. The state has urged full ANILCA funding and that the funds be used more effectively. For example, road construction funds could be better targeted to access timber which is scheduled for harvest in the near future rather than on administrative tie roads which will provide access at some more distant time in the future.

Inadequate implementation of TLMP may also jeopardize the wildlife and fisheries values in the Tongass Forest as well as water quality as it relates to fisheries and human consumption. An adequate monitoring program for water quality impacts associated with logging and road construction will permit the refinement of existing management practices or the identification of new, more effective, practices. Legislation is premature while administrative remedies are available.

Congress has directed the U.S. General Accounting Office to investigate Forest Service implementation of Section 705. It is our understanding that this investigation will be completed sometime next winter. Until this investigation is completed, Congress will not have the benefit of the independent and objective analysis that it has requested. We informed Congress last May that the state would continue to monitor ANILCA's implementation by the Forest Service.

Attempts to amend Section 705 could lead to renewed debate on other provisions of ANILCA. The Administration does not want to encourage a reopening of the act. If Congress considers amendments to Section 705, the Administration will request that Congressional hearings be conducted in Alaska, particularly in southeast Alaska communities.

TESTIMONY OF ALASKA LOGGERS ASSOCIATION
CONCERNING SR 7

My name is James F. Clark. I represent the Alaska Loggers Association (ALA). The ALA would like to commend sponsors of this resolution and the Committee for proposing this resolution. The Alaska National Interest Lands Conservation Act (ANILCA) was debated from January of 1977 until December of 1980. During that time, there was more hearings held on it than any bill since the Civil Rights Act of 1965. Through the Citizens for the Management of Alaska Lands (CMAL), the Alaska Loggers Association lobbied anyone in Congress who would listen to us on this issue as well as various groups both in Washington, D.C. and around the country. The Alaska Coalition (of which such groups as the Wilderness Society and the Sierra Club were constituent members) lobbied equally hard for their version of the bill.

The Tongass National Forest was one of the key issues debated. From our side, we made it clear that jobs was the main issue. We wanted to maintain the then existing level of jobs on the Tongass National Forest. At that time the Forest Service estimated that there were approximately 6,000 and indirect jobs associated with timber harvest. (The timber harvest was approximately 450 million board feet on the average for the ten years preceding passage of the Act in 1980.)

We pointed out that were Congress to designate as wilderness all of the areas proposed by the Alaska Coalition there would be insufficient timber to maintain jobs. Under the

Tongass Land Management Plan (TLMP), the Forest Service agreed with us showing that only 36 million board feet of timber could be produced.

The Forest Service presented a solution called "intensive management." That is that the amount of wilderness desired could be created without a job loss if Congress spent additional monies to make the reduced timber base produce more timber.

Thus, a grand compromise was reached on the Southeast Alaska issue, with Senator Stevens representing Alaska's interest and Senator Tsongas of Massachusetts representing the interest of the Alaska Coalition. The amount of wilderness desired by the environmentalists would be designated and this was done in Section 703 of the Act. In return, Section 705 would provide the intensive management monies needed to produce more timber from the reduced timber base.

Attached to this letter is a "dear colleague" letter from Senator Bob Mrazek of Long Island, New York, which calls one side of the deal as subsidy and thus would strike down one-half of the compromise, namely Section 705. Although it is not stated in the "dear colleague" letter, Congressman Mrazek's bill would also require the Forest Service to buy out the long term sales in Sitka and Ketchikan, establish 120 more deferral (i.e., non-harvest) areas on the Tongass National Forest and prohibit timber

sales unless what amounts to a 60% sur-tax based on Forest Service cost of timber production is added to the stumpage rates.

In short, this resolution is needed because the Alaska Legislature needs to tell Congress that a deal is a deal and that even though six years have passed, we have not forgotten what the agreement was.

The other key reason why this resolution would be helpful is to show the importance of maintaining Alaskan jobs in Alaska. Representative Mrazek's bill is couched in economic terms. He calls Section 705 a "boondoggle" and treats it as if it is some massive subsidy to the timber companies.

In point of fact, purchasers of Tongass National Forest must operate on the primary manufacture principle. This means that we must add value to round logs before we are allowed to export product from the Tongass National Forest. In 1976, the Alaska Department of Commerce and Economic Development determined that there were 10.2 jobs associated with primary manufacture and only 2.2 jobs associated with the timber harvest. While I am sure these numbers are no longer the same, they give you an idea of the scale of jobs associated with primary manufacture on the one hand and simple round log export on the other.

There is no question that we could provide a positive dollar return to the federal government in the form of stumpage fees if the industry were relieved of the primary manufacture

requirement. The money, in short, is for Alaskan workers, not for the companies and not for the federal government.

Congress has had a 40 year history of maintaining primary manufacture. The policy was initially established by the Forest Service prior to World War II and made a requirement of the long term sales which were negotiated during the 1950's.

When Congress cleared the way for the long term sales in the Tongass Timber Act of 1947, it specifically referred to the long term, year round employment which would be created as a key reason for its action. When Congress passed the Alaska Native Claims Settlement Act (ANCSA) in 1971, Section 15 specifically set up a mechanism to prevent any impact upon the long term sales and hence primary manufacture as a result of the settlement. In 1976 when Congress passed the National Forest Management Act, which added many environmental restrictions to timber harvest operations nationwide, it ordered the Secretary of Agriculture to compensate the holders of the long term sales in Alaska. (The holders of the then short term sales were not impacted by the 1976 requirements.)

This was the policy reiterated in Section 705 of ANILCA as can be plainly seen from the committee reports and floor debate accompanying the bill's passage. Congress wanted both the wilderness and the jobs and was prepared to spend the money to retain each. Congress knew that it could immediately increase the sales value of the standing timber on the Tongass by allowing



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Resolution No. 87-04

RESOLUTION OF ANGOON CITY COUNCIL
IN OPPOSITION TO SR7

- WHEREAS; the management practices and policies of the dependent timber industry in Alaska demonstrate little concern or responsibility in the exploitation of SE Alaska timberlands and employees, as has been shown by its' treatment of Sitka millworkers, and;
- WHEREAS; the dependent timber industry has long been the recipient of a preferential, federally-subsidized monopoly which is detrimental to the tourism, fishing and private timber industries in Alaska and;
- WHEREAS; in excess of 1,000 jobs have been lost due to industry/management policies in spite of the intentions and efforts of Congress to maintain the foreign-owned "dependent" industry, and,
- WHEREAS; it is not in the best interests of the State of Alaska, its' Legislature or its' citizens to take actions which are supportive of foreign-owned competition and, therefore, detrimental to our own State's long-range economic development;

BE IT RESOLVED that the Angoon City Council is opposed to the passage of Senate Resolution 7.

Passed at a City Council Meeting held on FEBRUARY 17, 1987 by a vote of 6 yeas, 0 nays, 0 absent, 0 abstain.

FOR THE CITY OF ANGOON

[Signature]
Mayor 2-17-87
Date

ATTEST: Cynthia L. Paul
City Clerk

SEAL



GREGORY FRANK COOK

ATTORNEY AT LAW

P.O. Box 618, Douglas, Alaska 99824

Residence (907) 586-9719

Admitted to Practice in Alaska and Oregon

TESTIMONY ON SENATE RESOLUTION NO. 7

(Relating to the timber industry in Southeast Alaska)

Before the Senate Resources Committee:
February 23, 1987

I urge you to vote NO on S. R. No. 7.

There are a wealth of reasons why S. R. No. 7 should not be passed. Many of those reasons revolve around the harmful effects logging has had on the fisheries and wildlife resources of Southeast Alaska.

The harmful effects of the logging industry on fisheries and wildlife have been well documented by the Territorial Sportsmen, Inc. in a report entitled: "Logging in Southeast Alaska and its Relationship to Wildlife, Fisheries, and Economics (Territorial Sportsmen, 1985)." That report should be carefully studied by this committee before action on Resolution No. 7 is taken.

My testimony concentrates instead on a different reason why you should vote NO on S. R. No. 7: the deceptive nature of the economic benefits attributed to the logging industry.

According to State of Alaska, Department of Labor statistics:

--in 1984, the timber industry was the fourth biggest employer of nonresidents in Alaska (out of 76 industries). (There were 715 non-residents employed, and 1,204 residents employed.)

--logging was #8 in the per cent of total wages paid to non-residents with \$7,928,467 going to non-residents. (Residents were paid \$25,441,354.)

--in 1985, the timber industry increased the number of non-residents in the work force by over 20% to 864, earning \$10,898,000. (The number of residents employed in the logging industry held relatively stable at 1,296, earning \$28,916,000.)

--in 1985, logging remained the fourth largest employer of non-residents in Alaska, and became the seventh biggest source of non-resident wages.

SEE: Nonresidents Working in Alaska in 1985, January, 1987, Alaska Department of Labor; Nonresidents Working in Alaska, January, 1986, Alaska Department of Labor; and Statistical Quarterly, 1st Quarter, 1986, Alaska Dept. Labor.

Assuming the goal of the Alaska Legislature is to provide for the maximum economic development of the State, continued subsidization of the timber industry is a bad investment. State and federal money spent to provide additional subsidies to the economically inefficient, large, foreign-owned, timber corporations is NOT money that is well-spent from the standpoint of Alaskan economic development.

The timber industry has been, and continues to be, one of the biggest sources in the State of Alaska of non-resident hiring. Too much of the money the timber industry generates leaves Alaska.

Not only does the timber industry contribute to the flight of capital from Alaska, but the short-term and long-term impacts of current logging practices on other natural resources are extremely harmful.

The logging industry has produced numerous harmful effects on commercial, recreational, and subsistence fishing in Southeast Alaska. The widespread practice of "high-grading" Alaska's forest lands promises even more serious and more harmful effects on various species of wildlife. SEE, for example: ADF&G Technical Paper #138, Division of Subsistence, 1987.

The Legislature should obtain expert scientific testimony from biologists within the Department of Fish and Game to provide a detailed explanation of how wildlife and fisheries resources have been damaged by past timbering practices, and why they remain threatened.

The Legislature should also request comprehensive information from the Department of Labor to clarify the impacts on Alaska's economy of the timber industry's non-resident work force.

There is definitely a place for the timber industry in the economic picture of Southeast Alaska. The proper role, however, requires a delicate balancing of many factors, including economic concerns, biological impacts, and social factors.

S.R. No. 7 fails to consider various critical aspects of the problem of properly developing Alaska's timber resources. This is an issue the Legislature should confront carefully and with due consideration for the synergistic impacts that logging has on the rest of Alaska's economy and way of life.

For these reasons, I urge you to vote NO on S. R. No 7, and seek the information outlined above to develop a better approach to this complex issue.

Thank you for the opportunity to present these remarks.



FEB 13 1987

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CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

ROBERT J. MRAZEK
2ND DISTRICT, NEW YORK

COMMITTEE ON
APPROPRIATIONS
WHIP AT LARGE

February 12, 1987

Dear Colleague,

Next week, I will reintroduce the Tongass Timber Reform Act in an effort to save the American taxpayers millions of dollars in the coming years. This legislation will provide a long-overdue remedy to the waste of taxpayer money and natural resources taking place each year in the Tongass National Forest in Alaska. The situation in the Tongass truly gives new meaning to the word BOONDOGGLE.

For 75 years, the U.S. Forest Service (USFS) has attempted to foster economic development in southeast Alaska by force-feeding taxpayer dollars to a timber industry on our nation's largest national forest. Despite sizable taxpayer losses and severe environmental destruction to a rare ecosystem of incalculable value, the agency has shown no intention of reforming its unprofitable policy.

Under Section 705 of the 1980 Alaska Lands Act, the USFS receives an open-ended permanent appropriation of "at least \$40 million annually or as much as the Secretary of Agriculture finds necessary" to enable it to achieve its goal of 4.5 billion board feet (bbf) of timber from the Tongass each decade. Unlike virtually all other federal expenditures, including expenditures for national defense, these funds are not subject to deferral or rescission by the administration, nor are they subject to the annual appropriations process in Congress.

As a member of the Appropriations Committee, I believe the committee should have an opportunity to review the management policy in the Tongass each year to determine the appropriate level of funding.

The Tongass is an unusually expensive place to harvest timber and the region cannot efficiently compete in declining world markets, even with massive subsidies. Consider this: In the past five years, the USFS has sold less than 44 percent of the timber offered for sale. In fact, during the last ten years (1977-1986), the Tongass' direct cost to the taxpayer has been a staggering \$365 million.

My bill will repeal Section 705, restricting timber sales to that amount that reasonably can be expected to be sold. It will rein in a reckless and wasteful practice of spending money to prepare timber for sale, timber that cannot possibly attract buyers in the marketplace.

These changes would save the American taxpayers an estimated \$20 million in FY 1988. As much as \$1 billion can be saved over the next 20 years. You may find it hard to believe that in 1986, there was a 99-cent loss on every dollar spent in the Tongass.

Originally, the Tongass timber program was proposed to maintain jobs and promote economic development in the remote southeast Alaska panhandle. Another rationale was to promote other industries, such as tourism and fishing, in order to diversify the local economy. Subsidizing timber companies and clearcutting the last largely intact rain forest in the earth's temperate zone is not the only answer to southeast Alaska's economic needs. In addition, it does little to save the home of the largest populations of grizzly bears and bald eagles in the United States.

Instead, timber sales have declined and there is little hope of the industry recovering. Where there were 3,055 jobs in 1980, there are only 1,800 now. In other words, making the taxpayer obligation to the timber industry a permanent appropriation has not saved a single job.


Despite the declining industry, the USFS continues to build roads into roadless areas at a rate that far exceeds legitimate harvest needs. Instead of conserving taxpayer dollars by reducing the timber prepared for sale to an amount likely to sell, and by eliminating all roadbuilding expenditures into roadless areas (at a cost of over \$150,000 per mile), the USFS continues in the "business as usual" manner.

This practice should and can be stopped.

The Tongass National Forest is one of the last significant stands of temperate rain forest left in the Northern hemisphere. That the American taxpayer should be asked to subsidize the destruction of this magnificent national treasure is ridiculous.

I ask that you join me in limiting the funds available to subsidize the Alaska timber industry. We should agree to bring the USFS in Alaska under the same budget scrutiny as the departments of Defense or Education. Let's work toward reducing the deficit by eliminating this ~~BOONDOGGLE~~. Please contact Ann Bennett (x5-5956) of my staff to join me as an original cosponsor.

Sincerely,


Robert S. Mrazek
Member of Congress

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER:

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)

DATE TURNED INTO OFFICE 2-27-87

Mr. President:

RESOURCES Committee considered SR 7

Relating to the timber industry in Southeast Alaska.

and recommended:

replace with CS SR 7 (Res) same title
 attached amendment(s) and new title

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]
[Signature]
[Signature]
[Signature]
Paul A. Thiel

John Duncan - No Rec.

[Signature]
Chairman signature and recommendation

Committee Backup Attached

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: SR 7
Publish Date: 2-2-87

Revision Date: _____
Title: Relating to the Timber Industry
in Southeast Alaska
Sponsor: Jones, Faiks, Uenling
Requestor: Resources

Agency Affected: Office of the Governor
BRU: Office of Management & Budget
Components: Division of Governmental
Coordination

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Michael A. Nizich, Director *M. Nizich* Phone: 465-3616
Division: Administrative Services Date: 2-20-87

Approved by Commissioner: Carol P. Kastelic *CPK* Date: 2-20-87
Agency: Office of the Governor

Distribution (by preparer):

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