

SB

310

HFIN

FILE

(11)

Date Referred: April 27, 1994

HOUSE COMMITTEE REPORT
FURTHER REFERRALS:

Date of Committee Action: 5/8/94

The FINANCE Committee considered:

CSSB 310(RES)

CS FOR SENATE BILL NO. 310(RES)

STATE/PRIVATE/MUNI TIMBER OPERATION/SALE

"An Act relating to the management and sale of state timber and relating to the administration of forest land."

RECOMMENDATIONS:

be replaced with ACS CSSB 310 (Fin) [] the same title
[] a new title

[] have attached amendments(s)

[] do pass

[] do not pass

no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact F+G

[] fiscal note(s) _____

[] zero fiscal note _____

zero fiscal note(s) DNR, 3/30/94

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Constitutional</i>	X	<i>Ronald J. Hanson</i>		X	
<i>Therriault</i>		<i>Mark Hanel</i>		X	
		<i>Sean Hanel</i>		X	
		<i>Terry Martin</i>		X	
		<i>Mike Navarre</i>			✓
		<i>Kay Brown</i>	✓		
		<i>Tom Huff</i>	✓		

Ronald J. Hanson
CHAIRMAN'S SIGNATURE

FISCAL NOTE

Version: SB 310
 (S) Publish Date: 3-30-94

STATE OF ALASKA
 1994 LEGISLATIVE SESSION

Revision Date: Original Dept Affected: Natural Resources
 Title: An Act relating to the management and sale of BRU: Resource Development
state timber; relating to the classification of state land... Component: Forest Management and Development
 Sponsor: Senator Frank
 Requestor: Senator Frank Component Serial No. 435

Expenditures/Revenues	(Thousands of Dollars)					
	FY95	FY96	FY97	FY98	FY99	FY00
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
	FY95	FY96	FY97	FY98	FY99	FY00
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) cost: \$ None

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

There is no incremental cost expected to the Department of Natural Resources.

Changes in CSB310 (Rev)
 have no fiscal impact. This
 fiscal note is appropriate.

3-29-94 date [Signature] Comptroller (initial)

Prepared by: Tomas H. Boutin, Director Phone: 485-3379
 Division: Forestry Date: 2-Mar-94
 Approved by Commissioner: [Signature] Date: 2-Mar-94
 Agency: Natural Resources

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HCS CSSB 310(FIN)

Revision Date: 5/5/94
 Title: An Act relating to the management and sale of state timber
 Sponsor: Senator Frank
 Requestor: House Finance

Dept. Affected: Department of Fish and Game
 BRU: Habitat and Restoration Division
 Component: Habitat
 COMPONENT SERIAL NO. 486

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	*	*	*	*
TRAVEL	0	0	*	*	*	*
CONTRACTUAL	0	0	*	*	*	*
SUPPLIES	0	0	*	*	*	*
EQUIPMENT	0	0	*	*	*	*
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	*	*	*	*

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0	0	*	*	*	*
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0	0	*	*	*	*

Estimate of any current year (FY 94) cost: \$ _____

POSITIONS

FULL-TIME			*	*	*	*
PART-TIME			*	*	*	*
TEMPORARY			*	*	*	*

ANALYSIS: (Attach a separate page if necessary)

*See attached page for assumptions.

Prepared By: Frank Rue
 Division: Habitat and Restoration Division
 Approved by Commissioner: Paul R. Reavis
 Agency: Alaska Department of Fish and Game

Phone: 465-4105
 Date: 5/8/94
 Date: 5/8/94

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ANALYSIS:

To estimate work load and potential costs of implementing FMA's in Alaska, department staff researched the use of existing FMA's on the North American continent. Staff did not find any FMA's in use in the other forty nine states. We evaluated FMA's in Canada, the experience under the two long term sale contracts in Southeast Alaska, and the proposed Mat-Su borough FMA which the timber company (Menasha) recently withdrew from. We also evaluated the unsuccessful Fiberform proposal to enter into a long term negotiated timber sale and build a plant in Fairbanks. The Department of Natural Resources has discussed the possible estimate of the scope of FMA's in Alaska under SB 310, but has not produced this estimate in written form.

SB 310 could substantially impact the way state forests and sales of state timber are managed. The purpose of the bill appears to be to make available, large long-term sources of state timber to encourage the construction of timber processing facilities (i.e., plywood plants, oriented strand board, chip board plants, etc.) in interior and southcentral Alaska. These plants require a long-term continuous supply of timber.

A typical Canadian FMA ranges from 2,000 (760 square miles) and 20,000 (7,600 square miles) square kilometers. Because of the relatively low per-acre timber volumes in the boreal forest, very large acreages can be required to meet annual mill consumption needs. Annual cuts of 20,000 acres per year are consistent with what has occurred on FMA mill concessions within interior Canadian forests as well as the large-scale long-term timber contracts for mills in southeastern Alaska. The need for large volumes of timber is normally met through large cutting areas with mechanized equipment designed to handle small diameter logs similar to ongoing large-scale mechanized logging operations on private timber land on the Kenai Peninsula.

If SB 310 is adopted, it appears there is the potential for at least three FMAs to be negotiated; in the next five years, one in the Tanana Valley State Forest, one in the Susitna Valley, and one in the Copper River Basin, Kenai Peninsula, or Kuskokwim drainages. As mentioned above, a 36,000 acre FMA had been negotiated on Mat-Su Borough lands in the Susitna Valley, but recently fell through because the timber company withdrew.

Because the purpose of FMAs is to commit large quantities of state timber to promote economic development, FMAs will greatly increase the annual cut in the areas of the state where they occur. This means more fish and wildlife habitat will be affected and more Title 16 reviews and forest practices inspections will be required if impacts to fish and wildlife habitat and production are to be minimized. Because pre-sale planning and pre-contract reviews will be greatly curtailed or eliminated under SB 310, many impacts which would have formerly been addressed in the pre-sale planning process, will have to be address in annual plans and in the field. This will necessitate increased reliance on annual plan reviews and field monitoring and enforcement to protect anadromous fish habitat and wildlife habitat.

Trying to resolve resource conflicts with the FMA concessionaire is expected to be much more difficult because of the costs to the concessionaire. This would require a substantial increase in ADF&G field staff to meet ADF&G statutory responsibilities under Title 16 and Title 41. Because of the large size of FMAs and likely accelerated harvest, a biologist, a fisheries or wildlife tech, and some clerical support would be required as each new FMA is developed and comes on line. The technician would be important for surveying streams ahead of the cutters (i.e., 20,000 acres per year), marking stream buffers, and monitoring harvest.

Other assumptions we used in developing our fiscal note are:

1. The promise of long-term timber supplies will attract large companies and plants which will need large quantities of timber.
2. Because of the large scale and rapidity at which timber will be cut, and the fact that the FMA structure will make it more difficult to get meaningful fish and wildlife protection built into the sale agreements, more biologists will be required to review operating plans, negotiate ground rules, and to monitor operations in the field. Based on the Canadian experience, at least one staff biologist should be assigned full-time to monitor each FMA exceeding 500,000 acres (780 square miles).
3. The number of U.S. Forest Service (USFS) biologists working on a long-term, large-scale contract, such as the L&P Tongass contract, would probably be a good indicator of the amount of biological work required for a similar state FMA. As many as 23 USFS biologists may work on layout and monitoring operations on long-term timber contracts in the Sitka Ranger District alone.
4. Experience with Canadian FMAs indicates that one of the major problems is that government does not monitor FMA operations closely enough and is so slow in detecting violations that they often become large problems. Once problems have been identified, they have been slow in enforcing the terms of the agreement or environmental regulations. The State of Alaska needs to avoid this problem by having staff biologists monitoring operations in the field.
5. Based on information that at least two and possibly more major timber companies have been interested in the feasibility of constructing large mills in southcentral and interior Alaska to utilize low cost timber, it is assumed that they would move to submit FMA proposals. Given the current interest in using state timber to stimulate local businesses and support by the Alaska Division of Forestry, it is estimated that there could be as many as three agreements in place by 1998.
6. A single oriented-strand-board (OSB) manufacturing plant requires up to 20 million board feet (bf) of timber per year to operate. Fibreform Wood Products, Inc. 1992 corporate proposal requested up to 115 million bf annually of mixed species (equal to the total estimated volume from the

Tanana Valley State Forest). [Source: Dave Wallingford (DOF) memo to Bob Dick dated July 7, 1992.]

7. Merchantable quantities of mixed species timber volumes in interior Alaska's boreal forest range between 1,200 cubic feet (4,800 bf) to 2,500 cubic feet (10,000 bf) per acre. Timber volumes in the Dawson Creek, B.C. area average 1,200 cubic feet (4,800 bf) per acre. Maximum volumes in southcentral Alaska are 3,000 cubic feet (12,000 bf); average volumes range between 2,000 cubic feet (8,000 bf) to 2,500 cubic feet (10,000 bf) per acre. [Source: Cal Kerr (American North) letter to Dave Wallingford dated July 27, 1992].
8. To support a single oriented-strand-board manufacturing plant, up to 4,167 acres (or 6.5 square miles) of interior Alaska's boreal forest must be harvested annually. Using only the highest yield forests, up to 2,000 acres (3.1 square miles) must be harvested annually.
9. To support the Fibreform proposal, up to 23,958 acres (or 37.4 square miles) of interior Alaska's boreal forest must be harvested annually. Using only the highest yield forests, up to 11,500 acres (18 square miles) must be harvested annually.
10. Once south-slope hillsides have been harvested, most remaining merchantable timber within interior Alaska's boreal forest is located within riparian corridors less than 500 feet from streams and rivers.
11. To implement our AS 16 responsibilities, maintain an appropriate field presence, and fully coordinate with DNR in the development of forest management plans, forest management agreements, and annual harvest plans, at a minimum, the annual costs detailed on the next page would be required in the region(s) in which FMAs were conducted.

Expected Annual Expenditures per Forest Management Agreement

<u>Personnel</u>	93.9
PFT Biologist III (\$5.2/mo)	62.4
PPT Fish Tech III (3.3/mo)	20.1
PPT Clerk Typist III	11.4
<u>Travel</u>	3.0
<u>Contractual</u>	4.0
<u>Supplies</u>	<u>2.0</u>
	102.9

There is no specific authorization in the Alaska Constitution for the State to delegate its power to manage state-owned land to a private individual, and such a proposal raises substantial questions.

In CWC Fisheries v Bunker, 755 P.2d 1115 (Alaska 1988), the Alaska Supreme Court adopted the public trust doctrine articulated in Illinois Central Railroad Co. v Illinois, 146 U.S. 387, 13 S.Ct. 110, 36 L.Ed. 1018 (1892). In that case, the United States Supreme Court held that title to tidelands and submerged lands received by a State from the federal government were received "in trust for the people of the State that they may enjoy the navigation of the waters, carry on commerce over them, and have liberty of fishing therein freed from the obstruction or interference of private parties. *id.*, at 452. The 1988 Alaska Supreme Court opinion generally held that the State was free convey these lands, however, such conveyance was subject to continuing public trust, which precluded exclusive use.

In the same year, the Alaska Supreme Court decided Owsichuk v State Guide Licensing, 763 P.2d 488 (Alaska 1988), which was a constitutional challenge to the assignment of exclusive guide areas. In that case, the Court commented upon the public trust doctrine and the common use provisions in Art. VIII of the Alaska Constitution by stating that

In light of this historical review we conclude that the common use clause was intended to engraft in our constitution certain trust principles guaranteeing access to the fish, wildlife and water resources of the state. The proceedings of the Constitutional Convention, together with the common law tradition on which the delegates built, convince us that a minimum requirement of this duty is a prohibition against any monopolistic grants or special privileges. Accordingly, we are compelled to strike down any statutes or regulations that violate this principle. 763 P.2d., at 496.

Finally, the following year, the Alaska Supreme Court decided McDowell v State, 785 P.2d 1 (Alaska 1989), which similarly struck down a rural subsistence priority based upon the common use clauses of Art VIII. While the case focused upon fish and game resources, the Court included in its analysis, Sec. 17, which requires equal treatment of all persons in the application of laws and regulations which dispose of any natural resources. Of particular

note, the Court cited Alaska Constitutional Convention Papers, which clearly articulated the principle that

This section is intended to exclude any especially privileged status for any person in the use of natural resources subject to the disposition of the state.

cited at 785 P.2d, at 6. The clear implication is that while the state may dispose of property and interests in such property through sale and lease provisions authorized in the State constitution, the State may not issue special grants and privileges to private individuals in lands whose ownership remains in the State. Clearly, the SB 310 attempts to authorize FMA's, which may indeed be such an impermissible grant or privilege.

Given these concerns, we believe that it would be most prudent to solicit an Attorney General's opinion respecting the Constitutionality of the bill.

AMENDMENT	SPONSOR	STATUS
1	Therriault	Adopted
2	Therriault	Adopted
3	Therriault	Adopted
4	Therriault	Adopted
5	Therriault	Held Open
6	Therriault	Adopted
→ 7	Therriault	Held Open
8	Therriault	Adopted
9	Therriault	Adopted
10	Therriault	Adopted
11	Therriault	Amended & Adopted
12	Therriault	Adopted
13	Therriault	Withdrawn
14	MacLean	Amended & Adopted
15	MacLean	Withdrawn
→ 16	MacLean	Failed
17	MacLean	Adopted
18	MacLean	Amended & Adopted
19	MacLean	Withdrawn
20	Navarre	Adopted
21	Navarre	Failed
22	Grussendorf	Amended & Adopted
23	Grussendorf	Failed
24	Brown	Failed
25-44	Brown	Held Open

AMENDMENT

#7
No
OBJ

OFFERED IN THE HOUSE

TO: HCS CSSB 310() "M" version, dated 5/7/94

Page 6, line 18, following "agreement":

Insert "for at least 90 days after the provision of notice under this section"

A M E N D M E N T

#23 NOBJ

OFFERED IN THE HOUSE

TO: HCS CSSB 310(), "M" version, dated 5/7/94

Page 4, line 9:

Delete "public comment"

Insert "comments from the public and from state agencies, including the commissioner of fish and game,"

Page 4, line 11:

Delete "public"

Page 6, line 17, following "agencies":

Insert ", including the commissioner of fish and game,"

Page 8, following line 4:

Insert a new subsection to read:

"(h) The commissioner shall solicit a final review of the proposed final agreement from state agencies, including the commissioner of fish and game. State agency review under this subsection to be considered by the commissioner must be submitted within 10 days of receipt of the solicitation."

Reletter the following subsections accordingly.

Page 8, line 9, following "subsection":

Insert "and consideration of the final state agency review under (h) of this section"

U
N
* III

16

N
III

8-LS1558D.3
Luckhaupt
5/3/94

(Handwritten scribble)

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE MACLEAN

TO: HCS CSSB 310(RES)

Page 3, line 16, following "commissioner,":

Insert "subject to the approval of the legislature under (h) of this section and"

N
III

Page 7, following line 15:

Insert a new subsection to read:

* III

"(h) Within 10 days of the convening of a regular legislative session, the governor shall transmit to the president of the senate and the speaker of the house of representatives ~~for approval any proposed final forest management agreements, that have been developed from the designation by the commissioner of a tentatively successful proposed agreement.~~ If exigent circumstances seriously affecting state interests require, the governor may submit the proposed final forest management agreement to the legislature at some other time. A finding of exigent circumstances shall be carefully documented in the letter of transmittal. The commissioner is authorized to conclude a proposed final forest management agreement in the manner provided under (i) of this section upon approval by law by the legislature of the proposed final forest management agreement. A decision by the legislature to disapprove a proposed final forest management agreement shall be accompanied by a recommendation to the governor with respect to future actions that the commissioner should take concerning the proposal."

Reletter the following subsections accordingly.

IF the Legislature, by Joint Resolutions, fail to disapprove the Final Forest Management Agreement within 45 days, it is considered Approved.



passed
10-5

8-LS1558ND.3
Luckhaupt
5/3/94



AMENDMENT # 16

OFFERED IN THE HOUSE

BY REPRESENTATIVE MACLEAN

TO: HCS CSSB 310(RES)

Page 3, line 16. following "commissioner,":

Insert "subject to the approval of the legislature under (h) of this section and"

Page 7. following line 15:

Insert a new subsection to read:

"(h) Within 10 days of the convening of a regular legislative session, the governor shall transmit to the president of the senate and the speaker of the house of representatives for approval any proposed final forest management agreements that have been developed from the designation by the commissioner of a tentatively successful proposed agreement. If exigent circumstances seriously affecting state interests require, the governor may submit the proposed final forest management agreement to the legislature at some other time. A finding of exigent circumstances shall be carefully documented in the letter of transmittal. The commissioner is authorized to conclude a proposed final forest management agreement in the manner provided under (i) of this section upon approval by law by the legislature of the proposed final forest management agreement. A decision by the legislature to disapprove a proposed final forest management agreement shall be accompanied by a recommendation to the governor with respect to future actions that the commissioner should take concerning the proposal."

Relater the following subsections accordingly.

Failed 4-6

AMENDMENT 24

TO HOUSE CS CSSB 310 (~~RES~~)

BY REPRESENTATIVE BROWN

Page 1. line ¹³ 12 after "agencies" insert:

"describing the immediate and long-term effects of individual and collective forest activities on the timber base and on other resources and uses."

AMENDMENT Withdrawn

OFFERED IN THE HOUSE

BY REPRESENTATIVE [Name]

TO: HCS CSSB 310(~~RES~~)

Page 3, lines ⁶ ~~2~~ through ⁹ ~~5~~, after "finding."
Delete all material.

Deletes "Saent Scientific"
done by "describe data"

withdrawn

AMENDMENT

TO HOUSE CS CSSB 310 (~~RES~~)

BY REPRESENTATIVE BROWN

Page 3. Line 21

Delete: "shall"

Insert: "may"

New CS
~~House~~ Commissioner
make "Written
Finding"

AMENDMENT

adopted
N/O

OFFERED IN THE HOUSE

BY REPRESENTATIVE JROGAN

TO: HCS CSSB 310(RES)

Page 4, line ~~22~~³¹:

Insert a new subsection:

"(i) subsistence, personal, recreational and commercial uses of fish
and wildlife;"

Renumber following subsections accordingly.

Page ~~4~~⁵ line ~~22~~³:

Delete all material.

NSO/OBJ

AMENDMENT

TO HOUSE CS CSSB 310(~~RES~~)

BY REPRESENTATIVE BROWN

Page 5, Lines ^{19, 20}~~10-11~~ and Page 5, Lines ^{23, 24}~~1-15~~

Delete all material and insert new subsections (10) and (12) to read:

~~"(10) economic benefits and liabilities from the proposed agreement to the region in which the land that is to be covered by the agreement is located:"~~

MacLean adopted

adopted

"(12) economic benefits and liabilities to the State and to the state forest land under the proposed agreement:"



adopted
NO/BJ

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSSB 310(~~RS~~)

Page 5, line ³¹ after "solicited":

Insert "and evaluated"

NO / OBJ

AMENDMENT 31

TO HOUSE CS CSSB 310 ~~RES~~

BY REPRESENTATIVE BROWN

6 12
Page 5. Line 30

Delete: "or"

Insert: "and"

#32

3-LS1558D.12
Ludkaupf/Chenoweth
5/4/94

NO/OB)

AMENDMENT 32

OFFERED IN THE HOUSE

BY REPRESENTATIVE

TO: HCS CSSB 310(~~210~~)

Page 6, line ¹⁸~~2~~, after "agreement":

Insert The ^{de let}notice of the tentatively successful proposed agreement for which the commissioner solicits comments from the public under this subsection must contain the proposed terms, conditions, limitations, and information that are required to be contained in the proposed final agreement and the final agreement set out in (g)(1) and (2) of this section."

#37

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSS 310(122)

A.
adopted

Page 7, line ³¹ 12

Delete "five"

Insert "two"

update of the

B,
failed
5-5

Page 7, line 12. after "years":

an update

Insert ", including provisions to adjust harvest plans under the agreement due to information received from the inventory"

#35

3-21-1994 ✓
Lockhart
3/2/94

AMENDMENT #38

Failed 4-6

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSSB 310(~~RES~~)

Page ⁸~~7~~, following line ⁴~~12~~.

Significantly

NO OBJ

Insert a new subsection to read:

"(h) If the final agreement differs from the tentatively successful proposed agreement, the commissioner must make a written finding that the finding made under (e)(1) and (2) of this section is not affected by the difference in the final agreement or must issue a new written finding that the final agreement meets the requirements of (e)(1) and (2) of this section."

Reletter the following subsections accordingly.

2)

AMENDMENT

withdrawn

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSSB 310(~~RE~~)

8 9

Page 7, line 20, after "subsection,"

Insert "and after notice by the commissioner under AS 38.05.945(b) and (c)."

38.05.945

AMENDMENT 140 NO OBJ

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSS8 310(RES)

Page ⁸ ~~7~~, line ¹⁶ ~~5~~ through line ²⁰ ~~37~~ after "AS 09.25.120."

Delete all material

"when Commission designates" → line 20

is used

withdrawn

#41

AMENDMENT #41

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSSB 310(~~RES~~)

Page ⁹ ⁴, line 16, after "shall":

Insert: "solicit public comment, hold public hearings, and"

[Handwritten scribble]

#42

AMENDMENT #42

amended

withdrawn

OFFERED IN THE HOUSE

BY REPRESENTATIVE SACWIN

TO: HCS CSSB 310 (UES)

Page ⁹ ~~8~~ after line ¹¹ ~~20~~, insert a new subsection to read:

"(m) If the operator under a forest management agreement seeks concessions from the state or other relief ^{AFFECTING THE CONSIDERATION PAID UNDER THE} from a provision of agreement, the commissioner shall determine whether concessions are necessary to protect the public interest. [Proposed changes to a forest management agreement are subject to the public notice and comment requirements under AS 38.05.122(b) - (i)."]

DELETE
NO.
OBJ

Re-number following Subsection accordingly.

Failed 4-7

AMENDMENT #43

TO HOUSE CS CSSB 310 (~~RES~~)

BY REPRESENTATIVE BROWN

Page ~~9~~¹⁰ Line ~~29~~²⁰ - Page 10. Line ~~3~~²⁶

Delete all material

f

v

Amendment #1 44 (Failed - 3-8)

#44

New Section

P. 9, after line 19 - S/7 work draft?

The commissioner shall provide for reasonable review and comment by the public and other state agencies of all ground rules and subsequent management and operational plans developed between the department and persons participating in a forest management agreement under AS 38.05.122. The review and comment period must be consistent with procedures in AS 38.04.065(a) and AS 41.17. Public review and comment received by the department for existing land use and forest management plans under AS 38.04.065(a) and AS 41.17.230 shall not be considered a substitute for public and agency review required under this section.



ed

AMENDMENT

#45

NO/OBJ

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSSB 310 ~~(RES)~~

⁷ ¹¹
Page ~~6~~, after line ~~26~~, insert a new subsection to read:

"(G) provisions for the location and construction standards of necessary
harvest access roads within the area covered by the agreement ~~to be built,~~ ^{Delete}
~~[~~ ^{delete} maintained and paid for by the proposer ~~]~~ during the period of the agreement;"

Renumber following subsections accordingly.

AMENDMENT

#46

Failed

amend

5-6

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSSB 310() work draft \M 5/7/94

Page 11, line 2 - 3:

[for safety] adopted
8-3

Delete all material.

[of the public] Failed
~~AD~~.

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

P. O. BOX 107005
ANCHORAGE, AK 99510-7005
PHONE: (907) 762-2501

DIVISION OF FORESTRY

April 29, 1994

9-1172.1

The Honorable Representative Bill Williams
Chairman, House Resources Committee
Room 128, State Capitol
Juneau, AK 99801-1182

Dear Representative Williams:

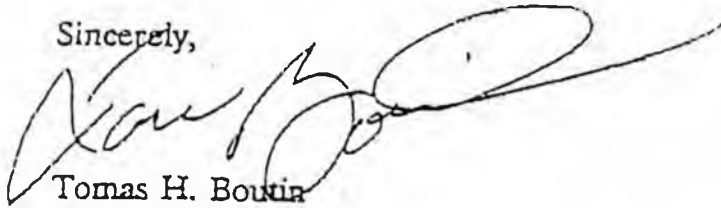
The Board of Forestry respectfully submits its annual report to the legislature. AS 41.17.047 requires us to report to you each year describing the effectiveness of the Forest Resources and Practices Act (FRPA) and its regulations, needed changes, and needed research and monitoring.

The Forest Practices Act is designed to ensure that a strong, productive timber industry exists compatibly with healthy habitat and clean water resources. At our most recent meeting on March 16, 1994, the board adopted the following statement to summarize our assessment of the Act's effectiveness:

"It is the finding of the Board of Forestry, based on reports from state agencies and limited personal experience, that the Forest Resources and Practices Act is accomplishing its intended purpose of perpetuating and protecting Alaska's forest resources and specifically protecting water quality and salmon habitat from the impact of timber harvesting. The Board of Forestry therefore is not recommending any changes concerning the Forest Resources and Practices Act to the Legislature. It is the strong recommendation of the Board of Forestry that adequate funding be maintained for the Division of Habitat, Division of Forestry, and Department of Environmental Conservation to enforce the Forest Practices Act. The Forest Resources and Practices Act effectiveness is directly related to a strong field presence and actual monitoring of the effectiveness of Best Management Practices contained in the Forest Practices Act regulations."

April 29, 1994

Sincerely,



Tomas H. Boutin
Presiding Officer
Board of Forestry

Board Members:

Rupert Andrews
Ernesta Ballard
Lawrence Hartig
Daryl McRoberts
Andy Miscovich
Stephen Planchon
John Sturgeon
Bill Thomas

- c: Office of the Governor
Senator Rick Halford, Senate President
Representative Ramona Barnes, House Speaker
Senator Mike Miller, Chairman, Senate Resources Committee
Commissioner Harry A. Noah, DNR
Commissioner Carl L. Rosier, DFG
Commissioner John A. Sandor, DEC

8-LS1558M
Luckhaupt
5/7/94

Delete Sec 8

HOUSE CS FOR CS FOR SENATE BILL NO. 310()
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS FRANK, Taylor, Pearce, Sharp, Miller, Kelly, Halford
REPRESENTATIVE Olberg

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the management and sale of state timber and relating to the
2 administration of forest land."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. AS 38.05.112 is amended to read:

5 Sec. 38.05.112. FOREST LAND USE PLANS. (a) The department may not
6 sell or harvest timber, except for timber that must be removed for the purpose of
7 a permit, right-of-way, or easement issued under AS 38.05.850 or isolated sales of
8 less than 50,000 board feet [PERSONAL USE TIMBER HARVEST], until a
9 site-specific forest land use plan has been adopted. A forest land use plan is required
10 whether or not a regional or area land use plan under AS 38.04.065(a) or a forest
11 management plan under AS 41.17.230 has been adopted.

12 (b) The commissioner shall base a forest land use plan on the best available
13 data, including information provided by other agencies [DESCRIBING THE
14 IMMEDIATE AND LONG-TERM EFFECTS OF INDIVIDUAL AND COLLECTIVE

1 FOREST ACTIVITIES ON THE TIMBER BASE AND ON OTHER RESOURCES
2 AND USES].

3 (c) A forest land use plan shall consider [IN ADDITION TO] the
4 requirements of AS 38.04.065(b) only for areas where a land use plan under
5 AS 38.04.065(a) or a forest management plan under AS 41.17.230 has not been
6 adopted. Regardless of whether there is a land use plan or a forest management
7 plan. each [, A] forest land use plan shall consider

8 (1) commercial timber harvesting, including related activities;

9 (2) harvesting of forest products for personal use;

10 (3) fish and wildlife habitat, including

11 (A) identification and protection of important wildlife habitat;

12 (B) retention of riparian, wetland, and ocean-shoreline
13 vegetation critical for fish and wildlife habitat; [AND]

14 (C) classification of water bodies according to physical
15 characteristics; and

16 (D) the use of silvicultural practices, commercial timber
17 harvest, and related activities to maintain and enhance the quantity and
18 quality of fish and wildlife habitat:

19 (4) uses of forest land for nontimber purposes, including

20 (A) recreation, tourism, and related activities;

21 (B) mining, mining claims, mineral leaseholds, and material
22 extraction;

23 (C) uses of fish and wildlife;

24 (D) agriculture, including grazing; and

25 (E) other resources and uses appropriate to the area, including
26 compatible traditional uses;

27 (5) soil characteristics and productivity;

28 (6) water quality; and

29 (7) watershed management.

30 (d) A management plan prepared by the commissioner under AS 41.17.230
31 or AS 38.04.065 must consider and permit the uses described in (c) of this section.

1 If the commissioner finds that a permitted use is incompatible with one or more other
2 uses in a portion of a state forest, the commissioner shall consistent with
3 AS 41.17.200. affirmatively state in the management plan that finding of
4 incompatibility for the specific area where the incompatibility is anticipated to exist
5 and the time period when the incompatibility is anticipated to exist together with the
6 reasons for each finding. If the commissioner finds that the use described in (c)(1)
7 of this section is incompatible, or otherwise restricts that use, the commissioner
8 shall also describe the data used to justify the incompatibility and the benefits of
9 the restriction.

10 * Sec. 2. AS 38.05.113(c) is amended to read:

11 (c) Sales under 500,000 board feet [THE DEPARTMENT MAY ADOPT
12 REGULATIONS EXEMPTING SMALL] and emergency sales are exempt from the
13 requirements of this section if public notice of the proposed sale is provided in the
14 manner specified in AS 38.05.945(b). Exempt sales, other than emergency sales,
15 under this subsection may not exceed 1,000,000 board feet in a calendar year in
16 each region.

17 * Sec. 3. AS 38.05 is amended by adding a new section to article 4 to read:

18 Sec. 38.05.122. FOREST MANAGEMENT AGREEMENTS. (a)
19 Notwithstanding the requirements of AS 38.05.110 - 38.05.120 or another provision
20 of this chapter, the commissioner, under the procedures set out in this section and if
21 not inconsistent with a land use plan then in effect, may enter into a forest
22 management agreement with a person to authorize the person to enter on the state
23 forest land covered by the agreement for the purposes of selecting, harvesting, and
24 regenerating timber in a manner consistent with sustained yield.

25 (b) At least once each calendar year, the commissioner shall, unless the
26 commissioner provides a written finding to the governor that market or other
27 conditions make it unlikely that such a solicitation will be accepted, solicit proposals
28 for forest management agreements on state forest land. The commissioner shall identify
29 the forest land included in the solicitation of proposals. The land identified may
30 include land covered by a cooperative resource management or development agreement
31 under AS 38.05.027 subject to the approval of the owner of any land other than state

1 land. The commissioner shall provide notice of the solicitation to all persons who
2 have requested notification and may provide for any additional notice that the
3 commissioner determines is appropriate. Regardless of whether the commissioner has
4 solicited proposals under this subsection, a person may submit a proposal for a forest
5 management agreement to the commissioner at any time for consideration. The
6 commissioner may not consider unsolicited proposals for a parcel of land covered by
7 a solicited proposal until the commissioner has completed the review and determination
8 required under this section concerning the solicited proposals.

9 (c) The commissioner shall solicit public comment for a proposed agreement
10 unless the evaluation under (d) of this section indicates it is unlikely that the proposed
11 agreement will be selected as a tentatively successful proposed agreement. The public
12 comment period under this subsection may not be less than 30 days nor more than 60
13 days.

14 (d) The commissioner shall evaluate proposed agreements submitted under (b)
15 of this section. In evaluating a proposed agreement, the commissioner shall consider
16 the

17 (1) effect of the agreement on the following:

18 (A) commercial timber harvesting, including related activities;

19 (B) harvesting of forest products for personal use;

20 (C) fish and wildlife habitat, including

21 (i) identification and protection of important wildlife
22 habitat;

23 (ii) retention of riparian, wetland, and ocean shoreline
24 vegetation critical for fish and wildlife habitat;

25 (iii) classification of water bodies according to physical
26 characteristics; and

27 (iv) the use of silvicultural practices, commercial timber
28 harvest, and related activities to maintain and enhance the quantity and
29 quality of fish and wildlife habitat;

30 (D) uses of forest land for nontimber purposes, including

31 (i) recreation, tourism, and related activities;

- 1 (ii) mining, mining claims, mineral leaseholds, and
 2 material extraction;
 3 (iii) uses of fish and wildlife;
 4 (iv) agriculture, including grazing; and
 5 (v) other resources and uses appropriate to the area,
 6 including compatible traditional uses;
 7 (E) soil characteristics and productivity;
 8 (F) water quality; and
 9 (G) watershed management;
- 10 (2) value of the area for the long-term production of timber;
 11 (3) commitments of the proposer to hire Alaskans;
 12 (4) intent of the proposer to process a value added product within the
 13 state;
 14 (5) experience of the proposer in the forest products industry;
 15 (6) necessary public access for uses described in (1) of this subsection;
 16 (7) financial feasibility of the proposal;
 17 (8) technical and financial qualifications of the proposer;
 18 (9) stumpage payments offered to be paid;
 19 (10) economic benefits and liabilities from the proposed agreement to
 20 the region in which the land that is to be covered by the agreement is located;
 21 (11) extent to which the proposed agreement provides for processing
 22 in the state of the timber harvested, to the extent permitted by law;
 23 (12) economic benefits and liabilities to state forest land under the
 24 proposed agreement;
 25 (13) timber inventory; and
 26 (14) other factors that the commissioner determines are relevant and
 27 appropriate.
- 28 (e) After evaluating proposed agreements under (d) of this section, the
 29 commissioner may designate a tentatively successful proposed agreement. A proposed
 30 agreement may not be designated under this subsection until public comment has been
 31 solicited under (c) of this section. A tentatively successful proposed agreement may

1 not be designated unless the commissioner includes, and makes a written finding that
2 sets out facts and applicable law to support the commissioner's conclusion, that

3 (1) land or timber covered by the tentatively successful proposed
4 agreement is not reasonably necessary to provide sustained harvest for a sawmill or
5 wood processing facility using that land or timber at the time the proposed agreement
6 was evaluated, or that a final agreement can adequately address those needs;

7 (2) the revenue to be received from the tentatively successful proposed
8 agreement will exceed the direct costs of the proposed agreement to the state and that
9 the sale of timber under the proposed agreement is not for less than fair market value;
10 and

11 (3) the tentatively successful proposed agreement will best serve the
12 interests of the state and is consistent with applicable land use or management plans
13 then in effect.

14 (f) The commissioner shall provide notice under AS 38.05.945(b) and (c) of
15 a finding under (e) of this section and designation of a tentatively successful proposed
16 agreement at least 90 days prior to entering into a final agreement. The commissioner
17 shall solicit comments from the public and from state and local government agencies
18 on a tentatively successful proposed agreement.

19 (g) If a tentatively successful proposed agreement is designated under (e) of
20 this section, the commissioner, after considering comments and recommendations
21 received under (f) of this section, may proceed to develop a proposed final agreement
22 between the proposer and the state. A tentatively successful proposed agreement, a
23 proposed final agreement, and the final agreement

24 (1) shall provide for terms, conditions, and limitations determined by
25 the commissioner to be in the public interest;

26 (2) must contain

27 (A) the initial term of the agreement, which may not exceed 20
28 years;

29 (B) provisions requiring sale of the timber for at least fair
30 market value as evidenced by an appraisal and provisions requiring periodic
31 reappraisal of the value of the timber;

- 1 (C) provisions requiring the proposer to pay the full cost of the
2 state scaling services necessary to account for timber sold under the agreement;
- 3 (D) provisions requiring the proposer to pay for state services
4 necessary for permitting, planning, monitoring, administering, and
5 implementing the agreement;
- 6 (E) provisions requiring the proposer, at the discretion of the
7 state, to pay for the construction and maintenance of access roads necessary to
8 manage the land that is to be covered by the agreement;
- 9 (F) provisions requiring that, at the discretion of the state, the
10 surface of the access roads shall be removed and the access roads shall be
11 reforested, with the costs paid by the proposer;
- 12 (G) provisions requiring the processing of the timber in the state
13 if that is the highest and best use of the timber as determined by the
14 commissioner and if permitted by law;
- 15 (H) provisions requiring the proposer, at the discretion of the
16 state, to pay for the purchase of material obtained from state land for the
17 construction of access roads on the land that is to be covered by the agreement;
- 18 (I) provisions requiring the proposer to perform reforestation
19 and silvicultural practices on state land that is to be covered by the agreement;
- 20 (J) a statement that activities under the agreement are governed
21 by the provisions of AS 41.17 and regulations adopted under AS 41.17
22 applicable to operations on state land;
- 23 (K) provisions requiring the submission and approval of biennial
24 operational plans for activities authorized or required by the agreement;
- 25 (L) requirements for reports and submission of information to
26 the department regarding performance under the agreement;
- 27 (M) procedures for enforcement and termination of the
28 agreement;
- 29 (N) provisions for existing public access;
- 30 (O) provisions requiring an operational level forest inventory
31 every five years; and

1 (P) provisions requiring the proposer to reforest, stabilize,
2 monitor, and meet other obligations; these provisions shall include bonding,
3 letter of credit or standby letter of credit, or other security that the
4 commissioner determines to be adequate to protect the public interest.

5 (h) The form of the proposed final agreement developed under (g) of this
6 section must be approved by the attorney general before the agreement is signed by
7 the commissioner. If the forest management agreement covers nonstate land under an
8 agreement authorized under AS 38.05.027, the owner of the land must approve the
9 agreement. After approval by the attorney general under this subsection, the
10 commissioner and the proposer may sign the proposed final agreement.

11 (i) When the commissioner solicits public comment under (c) of this section,
12 and at all times thereafter, the proposed agreements are public records and are open
13 to public inspection and disclosure under AS 09.25.120. Prior to solicitation of public
14 comment under (c) of this section, proposed agreements submitted under this section
15 are confidential and are not open to public inspection or disclosure under
16 AS 09.25.120. When the commissioner designates a tentatively successful proposed
17 agreement under (e) of this section, all documents regarding that proposed agreement
18 and all other competing proposed agreements, as well as a subsequent final agreement
19 and all documents leading up to that agreement, are public records and are open for
20 inspection under AS 09.25.120.

21 (j) All right, title, and interest in or to timber or material in or on land covered
22 by a final forest management agreement remains with the state until the timber or
23 material has been cut or severed, determined as to volume, removed from the site, and
24 paid for in compliance with the agreement. Timber or material that is not removed
25 from land covered by a final forest management agreement within the period specified
26 by the agreement or by an extension of the agreement remains the property of the
27 state.

28 (k) An interest in a final forest management agreement may not be assigned
29 without the prior written consent of the commissioner. An assignment without the
30 prior written consent of the commissioner is void. The commissioner may not consent
31 under this subsection unless the assignment is of the entire interest in the final forest

1 management agreement. The commissioner shall consider all of the factors of this
2 section when making a determination concerning an assignment.

3 (l) The commissioner shall strictly enforce the provisions of the final
4 agreement. The commissioner shall perform a review of the operator's performance
5 under the agreement as part of the biennial operating plan approval process. Upon the
6 completion of three-quarters of the total term of the agreement, the commissioner shall
7 review the operation and performance of the agreement and determine whether it is in
8 the best interest of the state to renew the agreement. If the commissioner determines
9 that it is in the best interest of the state, the commissioner shall solicit and evaluate
10 proposals, as provided in this section, for renewal of the agreement, including a
11 proposal from the current operator.

12 (m) The activities conducted under a final forest management agreement are
13 governed by AS 41.17 and regulations adopted under AS 41.17 applicable to
14 operations on state land.

15 (n) In this section,

16 (1) "agreement" means a forest management agreement;

17 (2) "proposer" means the person who submitted a proposed forest
18 management agreement under (b) of this section;

19 (3) "sustained yield" has the meaning given in AS 38.04.910.

20 * Sec. 4. AS 41.17.060(c) is amended to read:

21 (c) With respect to state and municipal forest land only, the following
22 standards also apply:

23 (1) forest land shall be administered for the multiple use of the
24 renewable and nonrenewable resources and for the sustained yield of the renewable
25 resources of the land in the manner that best provides for the present needs and
26 preserves the future options of the people of the state;

27 (2) a system of allocating predominant uses or values to particular units
28 within a contiguous area of land shall reflect in reasonable proportion the various
29 resources and values present in that area;

30 (3) to the extent its capacity permits, forest land shall be administered
31 so as to provide for the continuation and expansion of businesses, activities, and

1 lifestyles that are dependent upon or derived from forest resources;

2 (4) timber harvesting is limited to areas where data and information
3 demonstrate that natural or artificial reforestation techniques will result in the
4 production of a sustained yield of merchantable timber from that area;

5 (5) there may not be significant impairment of the productivity of the
6 land and water with respect to renewable resources;

7 (6) allowance shall be made for scenic quality in or adjacent to areas
8 of substantial importance to the tourism and recreation industry; [AND]

9 (7) allowance shall be made for important fish and wildlife habitat; and

10 (8) to the fullest extent practicable, harvested forest land shall be
11 reforested, naturally or artificially, so as to result in a sustained yield of
12 merchantable timber from that land: if artificial planting is required,
13 silviculturally acceptable seedlings must first be available for planting at an
14 economically fair price.

15 * Sec. 5. AS 41.17.060 is amended by adding a new subsection to read:

16 (d) With respect to private forest land only, to the fullest extent practicable,
17 harvested forest land shall be reforested, naturally or artificially. If artificial planting
18 is required, silviculturally acceptable seedlings must first be available for planting at
19 an economically fair price.

20 * Sec. 6. AS 41.17.200 is amended to read:

21 Sec. 41.17.200. STATE FOREST PURPOSES. The purpose of AS 41.17.200
22 - 41.17.230 is to permit the establishment of designated state-owned or acquired land
23 and water areas as state forests. The primary purpose in the establishment of state
24 forests is the perpetuation of personal, commercial, including encouraging the
25 development of commercial forest land under the principles of sustained and
26 multiple use, and other beneficial uses of resources through multiple-use management.

27 * Sec. 7. AS 41.17.200 is amended by adding a new subsection to read:

28 (b) In managing a state forest the commissioner shall

29 (1) allow for the fullest possible access to, and use of, the natural
30 resources, including timber, fish, game, and minerals; the allowance under this
31 paragraph shall take into account the interests of private landowners;

- 1 (2) maintain forest growth at a high level of productivity; and
- 2 (3) restrict the public use of the land and its resources only when
- 3 necessary to carry out the purposes of this chapter.

4 * ~~Sec. 8. SEVERABILITY. Under AS 01.10.030, if AS 38.05.122(d)(11) or (g)(2)(G), or~~
5 ~~the application of those provisions to any person or circumstance, is held invalid, the~~
6 ~~remainder of this Act and its application to other persons or circumstances shall not be~~
7 ~~affected.~~

8 * Sec. 9. AS 41.17.060(b)(4) is repealed.

AMENDMENT

47 Adopted

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSSB 310() work draft \M 5/7/94

Page 10, line 29, after "to, and":

Insert "the multiple"

AMENDMENT

Adopted

48 Amended

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSSB 310(RES)

1)

Page ⁷~~6~~, after line ⁸~~25~~, insert new subsection to read:

"(F) provisions guaranteeing necessary public access for uses described in
(d)(1) of this section"

2) pg 7, ^{line} 29 delete (n)

failed
AMENDMENT

49

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSSB 310() work draft \M 5/7/94

Page 7, line 3, after "for":

Insert "all"

Page 7, line 6 and 7, after "proposer":

Delete ", at the discretion of the state,"

Page 7, line 9, after "that":

Delete ", at the discretion of the state,"

Page 7, line 15, after "proposer":

Delete ", at the discretion of the state,"

AMENDMENT 50 found

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSSB 310(RES)

Page 3, line ¹⁹15 after "AS 38.05.110 - 38.05.120":

Delete "or another provision of this chapter,"

pg 3, 20 delete "Section"
insert "Chapter"

AMENDMENT

51

failed

Offered in the House
HCS CSSB 310 (~~310~~)

By REPRESENTATIVE MAHAIRE

Page ~~10~~¹¹, line ~~11~~¹:

Delete : "and"

Page ~~10~~¹¹, line ~~13~~³, after "chapter" :

Delete : "."

Insert : "; and"

Page 10, after line ~~13~~³ :

Insert :

"(4) determine the allowable harvest of the forest unit to be managed under an agreement authorized by AS 38.05.122 which shall not exceed 70 percent."



Official Business

Alaska State Legislature

State Capitol
Juneau, AK 99801-1182

To: HCS CS SB 310

Amendment 52

failed

Pg. 10, LD 24

After: ~~development~~
"encouraging"

delete: "the"

insert: "economically viable"



Official Business

Alaska State Legislature

State Capitol
Juneau, AK 99801-1182

53

Pg. 11, Ln 9

Add a new section to read:

~~"The provisions of section 3 of this act are repealed June 30, 1999."~~

"Section 3 of this act is repealed June 30, 1999."

AMENDMENT 54 failed

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSSB 310() work draft \M 5/7/94

Page 1, line 4, through page 3, line 16:

Delete all material.

Page 3, line 17:

Delete **"*Sec. 3."**

Insert **"*Section 1."**

Page 9, line 20, through page 11, line 3:

Delete all material.

Renumber following bill sections accordingly.

Page 11, line 8:

Delete all material.

AMENDMENT

55 faced

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSSB 310() work draft \M 5/7/94

Page 2, line 30 through page 3, line 9:

Delete all material.

AMENDMENT 56 fact

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSSB 310() work draft \M 5/7/94

Page 9, line 30, after "permits":

Insert "and to the extent consistent with the public interest as determined by a planning effort that evaluates immediate and long-term effects of individual and collective forest activities on forest ecosystems, local communities, and the state"

AMENDMENT 57 failed

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSSB 310() work draft \M 5/7/94

Page 10, line 11, after "as to":

Delete "result in sustained yield of merchantable timber from that land;"

Insert "eventually regain the structure, composition and function of forest ecosystems existing at the time of harvest, unless conversion to other uses is intended consistent with AS 41.17.110."

Page 10, line 13, after "seedlings":

Insert "of a variety native to Alaska"

AMENDMENT

ST
w/d
w/d

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSSB 310() work draft \M 5/7/94

Page 10, line 10, after "minerals"

Insert ", consistent with sustained yield principles and the requirements of AS 41.17.060"

Page 11, line 1, after "forest":

Delete "growth at a high level of productivity"

Insert "potential to provide reasonable levels of timber, fish and game for human use, consistent with the requirements of AS 41.17.060"

failed

59

AMENDMENT

TO HOUSE CS CSSB 10 ~~(RES)~~

By Representative Davies

Page 1, Line 6

Delete: "[SELL OR]"

Insert: "sell or"

Page 1, Line ~~6~~⁷ and 8:

Delete: "sales of less than 50,000 board feet"

Page 1, Line ~~7~~⁸

Delete: "[PERSONAL USE TIMBER HARVEST]"

Insert: "personal use timber harvest"

60

Adopted
Language

This proposed change to existing law is a violation of the key elements of the Forest Practices Act consensus agreement. The consensus agreement identified the specific items which must be considered prior to making a best interest finding for the sale of state timber. The amendment advanced by the House resources Committee completely eliminates this, and would leave the items to be considered up to the discretion of the commissioner. This means the listed items would be considered only after the sale had already occurred.

AMENDMENT



60
Adopt

TO HOUSE CS CSSB 310 (~~RES~~)

By Representative Dawes

18
Page 6, Line ~~5~~, following "agreement"

Insert: If a tentatively successful proposed agreement includes land within a municipality, the commissioner shall submit the tentatively successful proposed agreement to the municipality to determine if the agreement is consistent with municipal land use plans. The municipality shall make a consistency determination within 60 days of receipt of the tentatively successful proposed agreement and, if the agreement is not consistent with municipal land use plans, specifically set forth the provisions of the agreement that are not consistent."

25
Page 6, following line ~~12~~:

Insert a new paragraph to read:

"(2) must be consistent to the maximum extent practicable with municipal land use plans if the agreement includes land within a municipality;"

Renumber the following paragraph accordingly.

AMENDMENT

61 found

TO HOUSE CS CSSB 310-~~(RES)~~

By Representative DAVIES

Page ⁹~~8~~, after line ¹⁴~~23~~:

Insert a new subsection to read:

"(n) Notwithstanding any other provision of this section, the operator under an agreement that includes timber harvesting on land within the Tanana Valley drainage may not harvest timber on that land under the agreement if the harvest would result, during a calendar year, in timber harvest operations

(1) on more than 6,000 acres of land, public and private, within the Tanana Valley drainage; or

(2) that harvested more than 1,000 acres of white spruce in the Tanana Valley Drainage."

Reletter the following sections accordingly.

This amendment limits the amount of timber that will be harvested in the Tanana Valley Drainage Area in one year. (As suggested by Lane Thompson during public testimony yesterday).

He also said that this would create approximately 100 jobs/year.

Adopted

open

LS1553D.9
Luckhaupt
5/3/94

AMENDMENT

OFFERED IN THE HOUSE
TO: HCS CSSB 310(RES)

Therriault
#5
Included

Page 5, line 28:

Delete "and"

Page 6 line 3 or new (1)

~~Page 5, following line 28.~~

or line 14
new (4)

Insert a new paragraph to read:

"(2) the tentatively successful proposed agreement covers no more land or timber than is necessary to make the proposed agreement economically sustainable over the life of the proposed agreement; and"

Renumber the following paragraph accordingly.

Terry
Please conform as
appropriate

Adopted

Delete Sec 8

Pg: 11 lines
4-7

STEVE FRANK

119 N. Cushman, Rm. 213
Fairbanks, Alaska 99701
(907) 452-3421

Alaska State Legislature



While in Juneau
P.O. Box V
Juneau, Alaska 99811
(907) 465-3709
Capitol Rm. 417

Senate

Sponsor Statement

HCS CSSB 310(RES) 'Management and Sale of State Timber'

This legislation facilitates the responsible development of our renewable timber resource in two areas. First by removing some of the duplicative aspects of the existing timber sale law; and second, by authorizing the Department of Natural Resources to utilize Forest Management Agreements (FMA's) on state land.

All Timber Harvest, under FMA's and under the normal sales process fall within the requirements of the Forest Practices Act, which mandates standards for sustained yield harvest, reforestation, buffer zones, and other protections. It should also be noted that this legislation is not a Forest Management Agreement, but rather enabling legislation. A actual contract (FMA) would be crafted to meet a specific operation if one is ever contemplated.

Forest Management Agreements have become an desirable tool in accomplishing responsible timber development because the government owner can spell out in a contract the specific terms and conditions of timber harvest, and the cost of that development, road building, reforestation, etc. may be born by the operator.

Further, FMA's can provide a long term stable supply of timber to the operator which is a critical element in a companies' decision to invest because value added timber development is usually capital intensive and those investments require a longer amortization period than would be allowed under the existing timber sale law. Finally, FMA's can be negotiated to provide for local value added manufacturing, something that the Department cannot do today, because current law does not allow for negotiated agreements on timber sales.

Through the committee process the legislation has been modified to incorporate many of the concerns expressed. Language was added to allow for the consideration and requirement of instate processing of timber, to the extent permitted by law. Further the public process was strengthened by adding additional comment periods associated with a forest management agreement. The environmental and other uses protection provisions were clarified that will apply to FMA's, such as sustained yield standards, biennial plan reviews, requirement for timber inventories, access provisions, adjacent land owner considerations and the effects of an FMA on fish & wildlife habitat, to name a few. Provisions have also been added improve the existing timber sale procedures to ensure that small timber businesses that rely on those sales can continue to receive adequate supplies.

In all, I believe the legislation before you will protect the state and public interest while allowing responsible development of our renewable timber resource. I think the general public supports new long term jobs in the forest products industry.

Thank you for your consideration.

LAW OFFICES OF
CHARLES E. COLE

REG CUSHMAN
FAIRBANKS, ALASKA 99701
TELEPHONE 907-552-1124

April 19, 1994

VIA FAX

Representative William Williams
Chairman, House Resources Committee
Capital Building
Fairbanks, Alaska

Dear Chairman Williams:

Owing to the public furor surrounding SB310, I latched on to a copy of it and read it. Some of its provisions trouble me, and warrant, perhaps, my passing along my thoughts on them.

Troubling to me is the unbridled power given the Commissioner of Natural Resources by section (g)(1) to enter into forest management agreements on such "terms, conditions, and limitations determined by the commissioner to be in the public interest." No substantive fetters on this broad authority are contained in the proposed enactment. Section (g)(2), by and large, simply enumerates the subject of the provisions which must be contained in a "proposed final agreement." But the content of these provisions is nowhere mandated; required only by this section are "provisions regarding...". For example, (2)(c) merely requires "provisions regarding compensation for state scaling services; (2)(d) requires nothing more than "provisions regarding" state administrative services; and 2(e) just mandates "provisions regarding responsibilities for construction and maintenance of access roads. Left to the sole unrestrained determination by the commissioner, it seems, is the content of each of the provisions which, under (g)(2), must be contained in the agreement.

I question whether granting this wholesale authority to the commissioner of natural resources is sound public policy. Unrealistic, of course, would be an endeavor to prescribe by statute definitive terms for forest management agreements. But the legislature may wish to give thought to the imposition of some basic limitations on the commissioner's authority to develop and to execute a "proposed final agreement." Restraints would seem to be particularly in order since no public review is afforded to the "proposed final agreement" developed by the commissioner before it is submitted to the attorney general for approval, only as to form, under section (h). Underscoring this thought is the absence of any requirement that the "proposed final agreement" developed by the commissioner bear any relationship to the "tentatively

LAW OFFICES OF
CHARLES E. COLE

Page -2-
April 19, 1994

successful proposed agreement" submitted for public and governmental comment under section (f). As SB310 now stands, the "proposed final agreement" could legally embody wholesale revisions of the publicly reviewed "tentatively successful proposal agreement," the only essential of the "final agreement" being that the commissioner determine it to be "in the public interest."

Being of the view that no one public official should be given what amounts to the unshackled power to dispose of state natural resources, I suggest that consideration be given to the amendment of section (g) to read as follows:

(B) Provisions requiring the proposer to pay the fair market value of the stumpage.

(C) Provisions requiring the proposer to pay the full cost of the state scaling services necessary to account for timber sold pursuant to the agreement.

(D) Provisions requiring the proposer to pay for the state services necessary to administer the agreement.

(E) Provisions requiring the proposer to pay for the construction and maintenance of access roads necessary to manage the land covered by the agreement.

(F) Provisions requiring the proposer to pay the fair market value for material obtained from state land for the construction of access roads on state land covered by the agreement.

(G) Provisions requiring the proposer to perform reforestation and silvacultural practices on state land.

1

This provision requires only that the proposer pay the fair market value of the State timber being sold, so it should not be objectionable. Certainly the State would not stand still for its oil being sold for less than its fair market value, so certainly it should require that its timber resources, too, be sold for their fair market value.

LAW OFFICES OF
CHARLES E. COLE

Page -3-
April 19, 1994

(H) Provisions requiring the proposer, upon expiration or termination of the agreement, to ensure reforestation, stabilization, and monitoring on the state land covered by the agreement, including the requirement of posting of a good and sufficient corporate surety bond guaranteeing the proposer's performance of such obligations.²

Some thought probably should also be given to tightening section (d), the section establishing the considerations required by the commissioner in evaluating a proposed agreement. Subsection (3), requiring consideration of the "financial feasibility of the proposed agreement," seems unduly loose. Is consideration to be given to the financial feasibility of the agreement itself, or is consideration to be given to the financial feasibility of the proposal? The two concepts are vastly different. If the financial feasibility of the agreement is to be considered, then the financial interest of the state must be examined. If the financial feasibility of only the proposal is to be considered, the review is considerably narrowed.

Subsections (6) and (7), on the other hand, seem unduly narrow. They require consideration of economic benefits under the proposed agreement to the region where the forest land is located and to the forest land itself. Rare is the forest management agreement which generates only economic benefits. Liabilities inevitably also arise--to the region, to the state, and to the land itself. And it may be unadvisable to ignore them when consideration is given to the proposed agreement. If the legislature is of this view, it may wish to give thought to amending subsection (6) and (7) to read like this:

(6) economic benefits and liabilities from the proposed agreement to the region in which the land that is to be covered by the agreement is located;

(7) economic benefits and liabilities to the State and to the state forest land under the proposed agreement;

2

I have kept the term "monitoring" in this section, as it is contained in the current 310, but I am not sure what is being monitored.

Confusion may exist over whether the "proposed final agreement" is subject to the same conclusions required of the commissioner before he may designate a "tentatively successful proposed agreement." Under section (e), the commissioner may not designate a "tentatively successful proposed agreement" unless he makes a written finding that supports his conclusion that the subject timber is not necessary to provide sustained harvest for a sawmill or wood processing facility and that the agreement will best serve the interests of the state and is consistent with existing applicable land use or management plans. No mention is made in section (g), dealing with the "proposed final agreement," of the sustained harvest requirement or consistency with land use or management plans. If before the commissioner is required to make certain findings before designating a "tentatively successful proposed agreement," these same findings should probably be requisite to the development of and the signing of the final agreement. Yet section (g) does not require them.

I express no view with respect to the philosophy underlying SB310; my views relate only to those of its provisions which I think are apt to benefit from further review. Perhaps too long I was a state bureaucrat and therefore look at legislation of this type too keenly from the standpoint of the state's interest, but it is too late to do anything about that now.

At any rate, thank you for the opportunity to express my views.

Very truly yours,

C. E. Cole
Charles E. Cole

CEC:vlq

cc: Senator Steve Frank

Post-It™ brand fax transmittal memo 7671		# of pages ▶ 4
To <i>Rep. Williams</i>	From <i>Chs. Cole</i>	
Co.	Co.	
Dept.	Phone # <i>452-1124</i>	
Fax # <i>465-3723</i>	Fax # <i>465-3723</i>	

(3) administration of forest land shall consider marketing conditions and other economic constraints affecting the forest land timber owner, or the operator;

(4) to the fullest extent practicable, harvested forest land shall be reforested, naturally or artificially, so as to result in a sustained yield of merchantable timber from that land; if artificial planting is required, silviculturally acceptable seedlings must first be available for planting at an economically fair price in the state; and

(5) significant adverse effects of soil erosion and mass wasting on water quality and fish habitat shall be prevented or minimized.

(c) With respect to state and municipal forest land only, the following standards also apply:

(1) forest land shall be administered for the multiple use of both renewable and nonrenewable resources and for the sustained yield of the renewable resources of the land in the manner that best meets the present needs and preserves the future options of the land for the state;

(2) a system of allocating predominant uses or values to parcels or units within a contiguous area of land shall reflect in reasonable proportion the various resources and values present in that area;

(3) to the extent its capacity permits, forest land shall be managed so as to provide for the continuation of businesses, activities, and lifestyles that are dependent upon or derived from forest resources;

(4) timber harvesting is limited to areas where data and information demonstrate that natural or artificial reforestation techniques will result in the production of a sustained yield of merchantable timber from that area;

(5) there may not be significant impairment of the productivity of the land and water with respect to renewable resources;

(6) allowance shall be made for scenic quality in or adjacent to areas of substantial importance to the tourism and recreation industry; and

(7) allowance shall be made for important fish and wildlife habitat. (§ 1 ch 108 SLA 1978; am §§ 6, 7 ch 34 SLA 1990)

Effect of amendments. — The 1990 amendment, effective May 12, 1990, in subsection (b), rewrote paragraph (2) and added paragraph (5); and in subsection (c), substituted "allowance shall be made" for

"where economically practicable, allowance may be made" in paragraph (7), and made other changes throughout.

NOTES TO DECISIONS

Applied in Southeast Alaska Conservation Council, Inc. v. State, 665 P.2d 544 (Alaska 1983).

ec. 41.17.070. Administrative...
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 41.17.060 are being met. The...
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 To maintain a record of div...
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 made under this chapter reg...
 ars from requirements, decis...
 appeals. The commissioner sh...
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Public Records and Recorders

Public Resources

Susitna Valley Association

9600 Slalom Drive • Anchorage, Alaska 99516 • 346-1943

April 6, 1994

Representative Ron Larson, Co-Chairman
Representative Eileen MacLean, Co-Chairman
House Resources Committee
Alaska State Legislature
State Capital (MS 3100)
Juneau, AK 99801-1182

RE: SB 310: An Act Relating to Timber Harvesting on State Lands

Dear Rep. Larson and Rep. MacLean;

It is the view of the individuals, businesses, and organizations that have spent the past 7 1/2 years on Susitna Valley land management issues that forest management agreements advance timber harvesting as the priority use of the land. Other forest dependent uses and values that may be even more important economically and culturally than logging become secondary.

I have enclosed an "Economic Summary" of various activities in the Susitna Valley, as compiled in '88-'89 by the Susitna Valley Association which documents our forests are not just standing out there wasted, unused and simply waiting to be cut. The Valley forests are the key ingredient of an active, exciting and sustainable economy. Without a thorough understanding of the complexities of what is already successfully functioning, and knowing what scale logging is appropriate, and what mitigation measures are necessary, there is a high possibility of mistakenly destroying one set of jobs to create another.

The economic data was gathered in response to a large timber sale in the Susitna Valley similar to what is proposed in SB310. At that time, it became clear that DNR was not aware of the wide variety and volume of activities taking place in the Valley, or of the economic value of those activities to local economies. Without this key data, whether for the Susitna Valley or for other state lands, DNR will be unable to assess potential impacts to the existing forest uses and businesses.

It is our experience this serious gap in data has not been resolved. DNR has stated they do not have the staff or money to acquire such data; even though they have acquired substantial timber-related information. Because of the serious data gap, it is likely that any decision by the Commissioner of DNR in identifying forest management areas as mandated in SB310 cannot help but be biased, and has the potential to destroy the very essence of the highly marketable and growing remote recreation and tourism industry.

Therefore, the Susitna Valley Association urges you to hold back on SB310 at this time. To advance this bill without having the data base necessary to adequately assess the

Susitna Valley Association

May 3, 1994

Page 2

other forest values and business that will be negatively impacted is not good management policy; nor is it good economic policy.

Also enclosed for your review, is a paper highlighting certain surveys showing that over 90 percent of the Mat-Su Borough population is opposed to large-scale, long-term commercial timber harvesting in the Susitna Valley. The paper also summarizes a 4-year planning process for the Susitna Valley involving over 6000 participants, plus 81 broadly diverse organizations on an advisory committee, which concluded that there was overwhelming opposition to large-scale timber harvesting.

Sincerely,

S/Loisann G. Reeder, President

Attachments: 3

Susitna Valley Association 9600 Slalom Drive Anchorage, AK 99516 346-1943
Susitna Valley Association, Wasilla Chapter P.O. Box 2176 Palmer, AK 99645
Susitna Valley Association, Talkeetna Chapter P.O. Box 292 Talkeetna, AK 99676

WHAT IS THE SUSITNA VALLEY ASSOCIATION?

The Susitna Valley Association formed in January 1988, initially in opposition to large state timber sales that were being proposed in the core of the Susitna Valley. It has evolved into a coalition of over 4400 individuals, numerous businesses, and 69 organizations that has been extensively involved over the last six years in state land-use management planning that affects the Susitna Valley. There are active chapters in Wasilla, Talkeetna, and Anchorage.

The association formed primarily for three purposes:

- to serve as a contact for the state and Mat-Su Borough on timber and land management planning for the Susitna Valley,
- to serve as a clearinghouse for dispersal of timber-related information to interested individuals and groups, and
- to serve as spokesperson on timber and land management issues when necessary and appropriate.

The association is broad-based, representing a wide diversity of interests. In addition to people who own property in the Susitna Valley, there are people with business interests such as commercial fishermen, guides and outfitters, river charter services, lodge owners, air taxi operators, people in the tourism industry, and business people who support those businesses. There are people with recreation interests such as pilots, boaters, hunters, fishermen, skiers, sightseers, bikers, mushers, snowmachiners, and photographers. There are environmentalists and conservationists; people with health interests, and public land policy interests. Most importantly, there are the people who live in the area and who are concerned about protecting the integrity of their communities.

Clearly, the interests and concerns are as varied as the individuals involved. The far-reaching effects that land management decisions will have in the Susitna Valley is an issue of intense public interest that involves the entire community.

Dated: January 1994

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Susitna Valley Economic Summary
Page 2

NOT INCLUDED:

The above total does not include the economic activity generated by commercial fishing attributed to fish spawned and reared in the Susitna drainage, estimated by ADF&G at \$17 million in 1986. (Includes direct income to fishermen of \$10.7 million, plus a multiplier factor of 1.66.)

SUSITNA VALLEY ACTIVITIES NOT YET QUANTIFIED:

- Riverboat charter services
- River rafting services
- River freight services
- Black bear hunting
- Trapping
- Outfitting and guiding

THE VALUE TO BUSINESSES IN ADJACENT COMMUNITIES which are economically supported by the above activities and industries remains to be quantified. Examples are:

- Access related activities, such as purchase of airplanes; purchase and maintenance of boats, motors, snowmachines, and all-terrain vehicles; dog-mushing; etc.
- Real estate transactions
- Construction materials for cabins, homes, and lodges
- Maintenance costs of buildings and equipment
- Gas, oil, and propane
- Employee expenses
- Advertising
- Insurance
- Generators
- Radio and telephone equipment
- Camping, fishing, and hunting equipment
- Recreation clothing
- Food and supplies
- Fish and game packing and processing
- Taxidermy services
- Etc.

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SUSITNA VALLEY REMOTE RECREATION/TOURISM

ECONOMIC SUMMARY

In 1988, the Susitna Valley Association (SVA) conducted an economic survey of certain activities and businesses which utilize the remote, roadless portions of the Susitna Valley. SVA also compiled existing data from public agencies. The results of this study confirm that remote recreation and tourism is a major contributor to the economy of Southcentral Alaska.

AIR CHARTER SERVICES (SVA) Estimated 1987 gross income for 38 services operating out of Anchorage, Big Lake, Palmer, Talkeetna, and Willow.	\$13 million/yr *
REMOTE COMMERCIAL LODGES (SVA) Estimated 1987 gross income for 52 remote lodges throughout the Valley.	\$9.8 million/yr *
PRIVATE PILOTS (FAA & SVA) Maintenance and operating expenditures in 1987 for 2000 planes based in Anchorage **	\$9.6 million/yr *
HOTELS/MOTELS (AHMA) Income from 3% of occupied rooms in Anchorage during June-October, 1987	\$8.8 million/yr *
SPORTFISHING (ADF&G) 1986 ADF&G figures for the Susitna Valley	\$10.4 million/yr
MOOSE HUNTING (ADF&G) 1989 ADF&G estimate for moose hunting in the lower Susitna Valley	\$6.1 million/yr
BROWN BEAR HUNTING (ADF&G) 1989 ADF&G estimate for brown bear hunting in the Susitna Valley	\$4.5 million/yr
	\$62.2 million/yr ***

* Includes a highly conservative multiplier factor of 1.3

** Surveyed pilots' destination of choice 81% of the time was the Susitna Valley

*** Due to a degree of "overlap" of sportfishing and hunting with air charter, remote lodge, and hotel/motel income figures, SVA estimates the total value of existing Susitna Valley remote recreation and tourism, for just those activities identified, to be between \$50 million and \$60 million per year.

(over)

Susitna Valley Association

9600 Slalom Drive • Anchorage AK 99516 • 346-1943

THE PUBLIC HAS REPEATEDLY VOICED OPPOSITION TO LARGE-SCALE TIMBER HARVESTING IN THE SUSITNA VALLEY

Senate Bill 310

1987 SUSITNA VALLEY TIMBER SALE PROPOSAL

The administration proposed a large-scale negotiated timber sale, similar to a forest management agreement, on 200,000 acres in the middle of the Susitna Valley. The public overwhelmingly and soundly rejected the sale. The sale was ultimately withdrawn, and the Susitna Forestry Guideline Project was initiated (details below).

PUBLIC OPINION SURVEY, Matanuska-Susitna Borough Forest Management Program; Databank Mat-Su, for Matanuska-Susitna Borough; July 1989.

General. Random phone dialing survey of 250 Mat-Su Borough residents. 19 residents were from the Susitna Valley (Talkeetna - 11; Willow - 8), with the rest from Wasilla, Palmer, and Big Lake.

Large or small scale? Only 6 percent favored large operations. 79.2 percent of those interviewed wanted the Borough to build upon the small logging operations that currently exist in the borough, rather than attract large national or international operations.

Long term Forest Management Agreements? Only 4.4 percent favored the longer contracts conducive to Forest Management Agreements. Almost 60 percent of respondents preferred short-term timber contracts of 5 years or less.

Summary. Among the most emphatic points made by respondents, according to the researchers, was that timber development and processing which might occur should be small-scale, utilizing local labor, and be done in an environmentally sound manner. Further, that timber harvesting should be done utilizing fairly short-term contracts and that there be no clearcutting.

ISSUE QUESTIONNAIRE; Rep. Curt Menard; February 1990.

General. Questionnaire published in the Frontiersman, a Wasilla newspaper. 860 respondents. Questions were on a variety of issues, including one on timber harvesting.

Timber Harvesting. Only 9.8 percent of the respondents supported "large scale" timber harvesting. 58 percent approved, basically, of nothing larger than is presently being cut. Another 32 percent would accept "moderate scale", but "moderate" was not defined.

(over)

- Page 2 -

SUSITNA FORESTRY GUIDELINES PUBLIC COMMENTS, Susitna Forestry Guidelines Project; Department of Natural Resources; Adopted December 1991.

General. Was a 4 year project. 2000 people, including 1200 property owners in the planning area, requested to be on the project mailing list. Hundreds of people attended meetings which were held in Talkeetna, Trappers Creek, Skwentna, Alexander, Willow, Wasilla, Palmer, and Anchorage. The project's Citizens' Advisory Committee consisted of 81 organizations, businesses, and local governments.

Review and Analysis of Comments on the Public Review Draft. (DNR, May 1991; 130 pages of comments, single-spaced) **"SCALE OF LOGGING** Keep it small, keep it near existing roads, emphasize recreation: Many comments supported small-scale logging, harvests near the road system, and harvesting for personal or commercial use. However, they strongly opposed expanded logging operations and new access into remote areas. Many of the comments cited the importance of the recreation and tourism industry to the valley's economy and quality of life."

At the final public meeting, 4,100 signatures of individuals who "are opposed to large-scale timber sales in the Susitna Valley", and who support the premise that "forest management agreements are inappropriate means of administering our public lands", were submitted by the Susitna Valley Association. These are on file with DNR.

Response to Public Comments. (DNR, May 1991) **"THE BIG ISSUES Scale, Location, And Timing of Logging And New Roads.** Almost half the comments received were concerns about the scale of logging and extent of new roads. Most said that logging should be small-scale, local operations, near existing roads, and that new roads into remote areas were unwanted. Many were concerned that logging would harm remote recreation."

Dated: March 22 1994

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May 3, 1994

P.O. Box 80368
Fairbanks, Alaska 99708

To: Ron Larson and Eileen MacLean, Co-chairs
House Finance Committee
From: Lane Thompson
Subj. SB 310

In conversation last Friday with Rep. Parnell, I mentioned potential loopholes in the language of SB 310. He requested a list of such potential loopholes that might work to the disadvantage of Alaskan citizens or would be financially disadvantageous to the State government. Some of these are listed below.

My remarks are confined to the Tanana Valley because I am more familiar with it and because it comprises the majority of forest lands affected under the bill.

First, a note on the genesis of SB 310.

The Sponsor Statement says, "The purpose of SB 310 is to encourage investment in the timber industry...". To put this another way: since its purpose is to provide attractive concessions to large timber corporations, it is natural that SB 310 should tend to favor whatever makes the industry more profitable.

The heart of SB 310 is the creation of Forest Management Agreements (FMAs). The basic reason that FMAs are so attractive to some government officials and legislators is that the costs to the State are largely hidden within the FMAs themselves.

As I understand it, the existing Forest Practices Act permits the State to enter into agreements similar to FMAs by adopting a management plan for a long term lease. However, such a plan requires the State to complete an operational level forest inventory for which the funding is not available.

The FMA gets around this problem by allowing the timber company to do the inventory and recoup inventory (and road) costs through additional (undervalued) trees it harvests rather than putting costs out in the open with straight stumpage fees. I see that as asking the fox not only to guard the henhouse but also to keep count of the chickens.

It doesn't have to be this way. It is my understanding that unlike the FMAs envisioned in this bill, FMAs can be written to mutually benefit the timber industry, the state and the community.

Potential Loopholes in SB 310 (HCS CSSB 310(RES))

Loophole 1. Page 1, Line 12. "[DESCRIBING... ..USES]"

Impact on forest: Allows DNR to issue cumulative long term leases that, when added to private leases on Mental Health Trust lands, University lands, Native lands and other land owners, can result in harvests that exceed the sustainable yield of Tanana Valley forests.

Impact on State finances: Although apparently intended to remove the threat to the DNR of additional successful third party lawsuits, it seems possible that this deletion may invite future lawsuits. The failure to consider long term and cumulative impacts on DNR leases appears to conflict with the protection and maintenance language of the Forest Practices Act.

Loophole 2. Page 3, Line 2. "If the commissioner... ..restriction."

Designed to put an enormous burden of proof on Fish and Game or anyone else who challenges a decision of the DNR Commissioner, this insertion adds to the administrative costs while allowing possibly deleterious harvest methods to go on unimpeded. Given the general lack of unanimity in any scientific debate, this wording sets the stage for lengthy and expensive internal debates and lawsuits.

Loophole 3. Page 3, Line 26. "The commissioner... ..is appropriate".

Appears to provide for public notice, but actually allows commissioner to notify only those in a classification designated by him or her.

Loophole 4. Page 4, Line 6. "...not be less than 30 days..."

Appears to provide for public notice but if notice is placed at a time when concerned parties are normally out of town, there may be no notice. Even if in town, is less than 30 days adequate time to review a document that the large timber companies have had years to prepare and which will have effects lasting over 150 years?

Loophole 5. Page 4, Line 9. "In evaluating a proposed... ..shall consider the".

There are two catches here. (1) Because the FMA is set up so that most of the information comes from the proponent, the state is always negotiating relatively in the dark. (2) Because 'consider' is the operative verb, there is no onus on the commissioner to require specific action to accomplish the items to be 'considered'. Nor is means provided for arriving at objective and enforceable criteria for specific action.

Loophole 6. Page 5, Line 3. "(4) intent of the proposer..."

"Intent" used here coupled with "may include bonding" on Page 7, Line 15 allows a timber company to declare its marvelous intentions for a factory and local jobs, then harvest only white spruce, send all the round logs to Japan, not bother to reforest, and in fifteen years, with pockets full, leave behind badly eroded areas, silted salmon streams and a forest of stumps as they walk into the sunset.

Loophole 7. Page 5, Line 9. "(9) stumpage payments offered to be paid".

(1) Allows the timber company to control the price negotiation. (2) Turns pricing of trees owned by the state upside down. Price should include cost to prepare, administer and enforce the contract plus a fair return to the state.

Loophole 8. Page 6, Line 16. "(B) the stumpage prices for the timber:"

Without specific language to the contrary, this language puts enormous pressure on the DNR to acquiesce to the proponent's argument that it can only live with one stumpage fee for 20 years. In order that the State's position not be compromised, the DNR must be required to ensure that: (1) State costs for preparation, administration, and enforcement are covered. (2) State costs are covered should the proposer default. (3) Stumpage prices are indexed to the value of lumber and inflation.

Loophole 9. Page 6, Line 19. "(D) provisions requiring compensation..."

Appears to require a payment to the State. Unless specifically provided for, this language will actually allow the timber company to simply deduct that cost from the agreed stumpage fee, in effect paying the state with the state's own money.

Loophole 10. Page 6, Line 21. "(E) provisions regarding responsibilities..."

Similar hidden subsidy to that in Loophole 9. Without language to the contrary, the timber company and DNR will agree that the state will pay for both temporary and permanent roads and bridges by credits on stumpage fees and by providing free state trees with no stumpage fees.

Loophole 11. Page 7, Line 7. "(K) requirements for reports..."

This looks great on the surface. Do our highway departments or building departments rely on the contractors to inspect their own performance and then rely on the contractor's report on said performance to make decisions in the best interest of the state or owner? Why do it for state owned forests?

Loophole 12. Page 7, Line 15. "...may include bonding."

Since the state has inadequate inventories, the allowable cut will be based on timber company information, potentially leading to unpleasant surprises for the state. A company can set itself up to cut all the good white spruce, ship it to Japan, not reforest, and go bankrupt with no penalty to the state. See Loophole 6.

Loophole 13. Page 8, Line 14 "(l) The commissioner... ..the current operator",

Appears to provide for a thorough review but without objective and enforceable standards renewals may be expected to be pro forma.

Loophole 14. Page 8, Line 22. "(3) 'sustained yield' has the meaning...AS 38.04.910."

Although Title 38 appears to have a more restrictive definition of sustained yield than Title 41 in the original version of SB 310, it is my understanding that sustained yield has come to mean whatever the timber interests and regulatory foresters want it to mean. True sustainability requires logging to be site specific within an areawide ecosystem plan that takes into account the full range of biomes and natural events.

Loophole 15. Page 9, Line 19. "(8) to the fullest... ..fair price."

Meaning: Either the state provides free seedlings or no reforestation is required, and therefore sustained yield is not required. Wide open for a successful lawsuit.

Loophole 16. Page 10, Line 11. "(2) maintain forest growth..."

"Growth" and "yield" are different. A weed patch can have a high level of "growth".

Loopholes 17 through 100

Due to my inexperience with the timber industry and FMAs I have undoubtedly missed many loopholes in this industry bill.

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS CSSB 310(~~RES~~)

Page 2. lines ³ ~~2~~ through ⁷ ~~6~~:

Delete all material

Insert "(c) In addition to the requirements of AS 38.04.065(b), a forest land use plan shall consider"

HELD

8.

HOUSE FINANCE COMMITTEE

MEETING OF 5/3/94

SUBJECT #25

MEMBER	YES	NO
PARNELL		
TERRIAULT		
BROWN		
FOSTER		
GRUSSENDORF		
HANLEY		
HOFFMAN		
MARTIN		
NAVARRE		
MACLEAN		
LARSON		

TOTAL _____

PASSED: _____

FAILED: _____

(A) harvest of timber may not be undertaken within 100 feet immediately adjacent to an anadromous or high value resident fish water body;

(B) between 100 and 300 feet from the water body, timber harvest may occur but must be consistent with the maintenance of important fish and wildlife habitat.

(b) The commissioner may impose additional riparian protection standards for timber harvest operations through the adoption of land use plans under AS 38.04.065 and under forest management plans and reports under AS 38.05.112 and AS 41.17.230.

(c) In the absence of a site-specific determination by the Department of Fish and Game, the commissioner shall presume for planning purposes that a stream is anadromous if it is connected to anadromous water that are without Department of Fish and Game documentation of a physical blockage and has a stream gradient of 8 percent or less.

Sec. 41.17.119. MINIMUM RIPARIAN STANDARDS FOR OTHER PUBLIC LAND. On other public land, harvest of timber may not occur

(1) within 100 feet from the shore or bank of an anadromous or high value resident fish water body that is located south of the Alaska Range;

(2) within 100 feet immediately adjacent to an anadromous or high value resident fish water body north of the Alaska Range unless the commissioner determines that adequate protection remains for the fish habitat.

ARTICLE 2. ENFORCEMENT

Sec. 41.17.120. INSPECTIONS AND INVESTIGATIONS. The commissioner may inspect and investigate forest land and activities on it and may enter upon it in conjunction with any operations as necessary to ensure compliance with applicable regulations and requirements and to otherwise enforce the provisions of this chapter. Other state agencies have this same authority to the extent necessary to enforce their own laws and regulations on forest land. Those agencies and the commissioner shall coordinate their actions under this section.

Sec. 41.17.125. ENFORCEMENT COORDINATION. All state agencies with enforcement authority over an activity subject to regulation under this chapter shall establish a uniform enforcement strategy that avoids duplication and inconsistencies. All participating agencies shall agree to and comply with the contents of the uniform strategy. In developing and implementing the uniform strategy, each state agency retains its authority to determine the appropriate remedies under the statutes and regulations it administers.

Sec. 41.17.131. PENALTIES FOR VIOLATIONS. (a) An operator, forest landowner, or timber owner who violates or permits a violation of this chapter, a regulation adopted under this chapter, a directive issued under AS 41.17.136, or a stop work order issued under AS 41.17.138 is liable, after notice and hearing, for a civil fine in an amount not to exceed \$10,000 to be assessed by the commissioner. In determining the amount of civil fine, the commissioner shall consider

- (1) the character and degree of injury to forest resources and values;
- (2) the degree of intent or negligence of the respondent in causing or permitting the violation;
- (3) the character and number of past violations caused or permitted by the respondent; and
- (4) if the information is available, the net economic savings realized by the respondent through the violation.

(b) An operator, forest landowner, or timber owner that, with criminal negligence, violates or permits a violation of this chapter, a regulation adopted under this chapter, a directive issued under AS 41.17.136, or a stop work order issued under AS 41.17.138 is guilty of a class A misdemeanor. In this subsection, "criminal negligence" has the meaning given in AS 11.81.900(a).

(c) Each day that a violation described in this section occurs is a separate violation.

(d) If a respondent violates a directive issued under AS 41.17.136 or a stop work order issued under AS 41.17.138, the attorney general, at the request of the commissioner, may seek an injunction requiring the respondent to suspend all or part of the operations until the respondent complies with the directive or stop work order, and requiring the respondent to repair or correct damage resulting from the violation.

(e) If a respondent violates a directive issued under AS 41.17.136 that requires the respondent to repair or correct damage, the commissioner may proceed to repair or correct the damage using state agency employees or contractors and the respondent is liable for the cost of the repair. The commissioner shall deliver to the respondent an itemized statement of expenses incurred.

Sec. 41.17.136. DIRECTIVES. (a) Upon a determination that a planned or ongoing activity violates or would violate this chapter or a regulation adopted under it, the state forester shall notify the respondent in writing and direct the respondent to halt or avoid the violation or to repair or correct any damage resulting from the violation. The written notification must include a summary of the basis for the directive.

(b) The respondent may either comply with the directive or request a hearing under AS 41.17.139 within 15 days of receipt of the notification. If a hearing is requested, the respondent may continue with the activity unless the state forester issues a stop work order under AS 41.17.138. If the directive is affirmed by the hearing officer, the respondent shall cease the activity unless a stay is issued under AS 41.17.143(c) or by the superior court.

Sec. 41.17.138 STOP WORK ORDERS. (a) Upon a determination that a violation of this chapter or a regulation adopted under it is occurring or is likely to occur and that significant harm to public resources is likely to occur if work is not halted before a hearing can be held, the state forester may issue a stop work order requiring the respondent to stop the violation or otherwise halt the threatened harm. A stop work order must be in writing and must state the facts on which it is based.

(b) The state forester shall immediately refer the matter to a hearing officer for determination of the validity of the stop work order under AS 41.17.139. The hearing officer shall consider any arguments and evidence presented by the respondent within five workdays after receipt of the stop work order and shall then make an immediate decision sustaining or reversing the stop work order. The stop work order is of no further effect if it is not sustained by the hearing officer within the five-workday period. A stop work order may be sustained only upon the same grounds on which it was originally issued.

Sec. 41.17.139. HEARING PROCEDURES. (a) Unless otherwise specified, proceedings under AS 41.17.131 - 41.17.139 are not subject to the Administrative Procedure Act (AS 44.62). A hearing under AS 41.17.136 or 41.16.138 shall be held before the state forester, a regional forester, or another employee of the division with similar qualifications acting as a hearing officer. A hearing on an appeal under AS 41.17.087 and a hearing under AS 41.17.082(b) shall be held before the commissioner or the commissioner's designee. A person who has assisted in the preparation of the division's case is ineligible. Hearings are not limited by common law, statutory, or judicial rules of evidence; however, the hearing officer may admit only that evidence that appears to be reliable and trustworthy. All hearings shall be open to the public. Written or oral testimony may be submitted. A party to a hearing may make written or oral argument, secure the issuance of a subpoena under AS 44.62.430, offer testimony or other evidence, and cross-examine witnesses. The hearing officer shall endeavor, in conducting any hearing, to ensure that the respondent understands the proceedings and that the facts supporting the position of each party have been adequately presented.

(b) If the respondent notifies the commissioner within five days before the hearing provided for in (a) of this section, the following rules and procedures apply to the hearing:

- (1) the hearing shall be a nonadversary proceeding, with the hearing officer fully and impartially representing the interests of the state and the respondent;
- (2) the hearing officer shall thoroughly investigate the facts and circumstances relating to the alleged violation, including taking testimony from appropriate persons, collecting and examining documents and other evidence, and performing other actions consistent with due process of law; and
- (3) the hearing officer shall issue a decision in accordance with the applicable procedures of (a) of this section.

(c) The hearing officer shall select the location of the hearing, giving consideration to the convenience of the parties and witnesses. The hearing officer may permit witnesses to testify through teleconferencing.

ARTICLE 1A. RIPARIAN MANAGEMENT

Sec. 41.17.115. INTENT FOR RIPARIAN AREAS. The commissioner shall protect riparian areas from the significant adverse effects of timber harvest activities on fish habitat and water quality. The management intent for riparian areas is the adequate preservation of fish habitat by maintaining a short- and long-term source of large woody debris, stream bank stability, channel morphology, water temperatures, stream flows, water quality, adequate nutrient cycling, food sources, clean spawning gravels, and sunlight. The commissioner shall adopt regulations for the protection of riparian areas; the regulations may include higher standards of protection for fish and other public resources on land managed by the department than on other public land or private land. The regulations may vary by region of the state and must take into consideration reasonable classification of water bodies and the economic feasibility of timber operations.

Sec. 41.17.116. RIPARIAN STANDARDS FOR PRIVATE LAND.

(a) Private forest land adjacent to the following types of waters and located in a coastal forest of spruce or hemlock is subject to the riparian protection standards established in this section:

- (1) along a Type A water body, harvest of timber may not be undertaken within 66 feet of the water body;
- (2) along a Type B water body, timber harvest operations within 100 feet of the stream or to the break of the slope, whichever area is smaller, must be conducted in compliance with slope stability standards established in regulations adopted under this chapter;
- (3) along a Type C water body, timber harvest operations in the area within 50 feet of the stream or to the break of the slope, whichever area is smaller, must be conducted in compliance with slope stability standards established in regulations adopted under this chapter.

(b) The commissioner shall adopt regulations for private land outside of the coastal forest of spruce or hemlock that designate the riparian areas to be protected and the restrictions on timber harvesting operations within the areas that are necessary for their protection under the management goals established in AS 41.17.115.

Sec. 41.17.118. RIPARIAN STANDARDS FOR STATE LAND. (a) The riparian standards for state land are as follows:

- (1) on state forest land managed by the department that is located north of the Alaska Range, harvest of timber may not be undertaken within 100 feet immediately adjacent to an anadromous or high value resident fish water body unless the division determines that adequate protection remains for the fish habitat;
- (2) on state forest land managed by the department that is located south of the Alaska Range,

adopted by the commissioner of natural resources under this chapter by following the procedure for the adoption, amendment, and repeal of regulations under AS 44.62.180 - 44.62.290.

(d) The commissioner shall recognize the expertise of the Department of Fish and Game with regard to fish and wildlife habitat. On private land, the commissioner shall give due deference to the Department of Fish and Game regarding effects on fish habitat from timber operations including variations to riparian standards, designation of alternative site-specific riparian protection plans, and road location decision within riparian areas. On public land, the commissioner shall give due deference to the Department of Fish and Game regarding effects on fish and wildlife habitat from timber operations including timber harvest in riparian areas, variations to riparian standards, and road location decisions within riparian areas. In making decisions under AS 41.17.087, the commissioner shall recognize fish habitat as the primary value in riparian areas.

(e) In this section, "due deference" means that deference that is appropriate in the context of the agency's expertise and area of responsibility and all the evidence available to support a factual assertion. Where due deference is given, if the commissioner does not agree with a commenting agency, the commissioner shall prepare a written statement of the reasons for the disagreement.

(f) If a disagreement described in (e) of this section exists, an officer of an agency may require reevaluation of the disagreement at a higher level within the agencies, or by the governor if necessary, before a decision is made by the commissioner.

Sec. 41.17.100. DEPLOYMENT OF BROADCAST CHEMICALS. The commissioner of environmental conservation, in consultation with the commissioner, shall formulate necessary plans and measures to ensure that application of broadcast chemicals and other substances foreign to the state's forest ecosystem do not lead to results contrary to the objectives and provisions of this chapter and other applicable laws and regulations relating to renewable resources. Regulations adopted by the commissioner of environmental conservation may include requirements for advance testing, posting of security, written reports, and other matters.

Sec. 41.17.110. CONVERSION OF FOREST LAND TO OTHER USES. An intention to convert forest land to other uses after timber harvesting may be stated in the notification submitted under AS 41.17.090. In that event, reforestation requirements adopted under this chapter do not apply, except that conversion shall be completed during the time set by regulation for minimum reforestation of the land, and other requirements for revegetation may be imposed to the extent permitted by law. If the commissioner finds at any time that the responsible party has failed to conform to the intent to convert as stated in the notification, the commissioner shall revoke approval of the conversion and require full compliance with reforestation requirements.

Sec. 41.17.143. APPEALS AND JUDICIAL REVIEW. (a) A decision by a hearing officer under AS 41.17.136 or 41.17.138 or by the commissioner under AS 41.17.082(b), 41.17.087, or 41.17.131(a) constitutes final agency action that may be appealed to the superior court within 30 days after it is issued. Judicial review shall be as provided in AS 44.62.560 and 44.62.570.

(b) An operator, forest landowner, or timber owner may request the commissioner to reconsider the decision of a hearing officer within 30 days after it is issued. Reconsideration is not a precondition of judicial review under (a) of this section. If reconsideration is requested, the final agency action for purposes of judicial review is a decision by the commissioner to affirm, modify, or reverse the hearing officer or to deny the request for reconsideration.

(c) The commissioner may stay or modify a directive or order pending administrative or judicial review. A stay or modification may not be appealed separately from an appeal of the substantive decision.

(d) A person, except the aggrieved forest landowner, timber owner, or operator, may not maintain an administrative or judicial appeal, or other action or proceeding of any kind, challenging a decision or failure to act by the department with respect to the compliance of a timber operation on private forest land with this chapter or a regulation, standard, directive, or order issued under this chapter. This subsection does not prohibit the maintenance of an action

(1) for an alleged violation of a constitutional right; or

(2) against the department regarding a regulation, standard, or systematic course of conduct that does not involve a challenge to, or attempt to enjoin, stay, modify, or otherwise affect a timber operation on private forest land subject to this chapter.

ARTICLE 3. STATE FOREST SYSTEM

Sec. 41.17.200. STATE FOREST PURPOSES. The purpose of AS 41.17.200 - 41.17.230 is to permit the establishment of designated state-owned or acquired land and water areas as state forests. The primary purpose in the establishment of state forests is the perpetuation of personal, commercial, and other beneficial uses of resources through multiple-use management.

Sec. 41.17.210. STATE FORESTS. (a) The governor may propose to the legislature the establishment of state forests consisting primarily of commercially valuable forest land determined by the governor to be necessary for retention in state ownership for management under the principles of multiple use and sustained yield and consistent with AS 38.04.005. The proposal of the governor shall include a report and recommendations of the commissioner including

(1) a preliminary forest inventory;

- (2) a summary of the testimony offered at public hearings held on the management of the proposed state forest in communities proximately located to a proposed state forest;
- (3) the findings of the commissioner on anticipated incompatibilities of uses described in AS 38.05.112(c) under AS 38.05.112(d);
- (4) written comments from appropriate state agencies on the compatibility of the uses described in AS 38.05.112(c) within the proposed state forest;
- (5) an estimate of the cost of a full implementation of an operational level forest inventory and the management plan.

Sec. 41.17.220. MANAGEMENT OF STATE FORESTS. Land within a state forest or within a unit of a state forest shall be managed under

- (1) the principles of multiple-use and sustained yield;
- (2) this chapter; and
- (3) a management plan prepared by the department.

Sec. 41.17.230. MANAGEMENT PLANS. (a) The commissioner shall prepare a management plan consistent with AS 38.04.005 and this chapter for each state forest and for each unit of a state forest to assist in meeting the requirements of this chapter. An operational level forest inventory shall be completed before a management plan for the state forest or the unit of a state forest is adopted. The management plan shall be adopted, implemented and maintained within three years of the establishment of a state forest by the legislature.

- (b) The commissioner shall review a management plan at least once every five years and may revise the plan when necessary.
- (c) A management plan may not be adopted or revised after the establishment of the state forest without prior review by the Board of Forestry and by other appropriate state agencies or without prior public hearings held in a community proximately located to the state forest or to a unit of a state forest.
- (d) A copy of a management plan or a revision to a management plan adopted or prepared by the commissioner shall be provided to the legislature within 30 days of its adoption or revision or within the first 10 days of the first regular session of the legislature to convene after its adoption or revision.

ARTICLE 4. STATE LAND REFORESTATION

Sec. 41.17.300. STATE LAND REFORESTATION FUND. A state land reforestation fund is established in the department. The money in the state land reforestation fund may be used only for the reforestation of state land, including site preparation, seed and seeding acquisition and cultivation, planting, and other reforestation measures, timber stand improvement, and the development of materials and techniques for the reforestation of state land.

from the state forester that the review has been completed, whichever occurs first, unless the division has issued a stop-work order for a particular portion of the plan or has notified the operator that a one-time, 10-day extension is necessary for agency review under AS 41.17.098(f). The operator may proceed with operations not covered by the stop-work order, notice of field inspection, or the agency review. During the review of a detailed plan of operations, if a question arises concerning the proper classification of water body type for purposes of the standards in AS 41.17.116(a), the Department of Fish and Game may resolve the question.

(f) If the state forester determines that a field inspection is necessary to determine consistency of the detailed plan of operations or a portion of the plan with applicable standards, the state forester shall notify the operator. The notice of field inspection may not cover more than the minimum area necessary to determine compliance with this chapter and applicable regulations. The operator shall inform the state forester when the site will be available for an inspection. The state forester shall conduct the field inspection within 21 days after the date that the site will be accessible and available unless the operator otherwise agrees, and the operator may begin operations at the conclusion of the 21-day period unless the state forester has issued a stop work order under AS 41.17.138.

(g) During the review of a detailed plan of operations, modifications to accommodate comments may be made without requiring the operator to resubmit the plan. After the review of the detailed plan of operations made under (e) and (f) of this section, an operator shall notify the state forester of a proposed substantial change in operations by following the procedures specified in (c) - (f) of this section.

- (h) Information and paperwork required of the operator under this section is limited to that necessary to accomplish the purposes of this section.
- (i) An operator shall renew a detailed plan of operations annually.

Sec. 41.17.098. INTERAGENCY COORDINATION AND REEVALUATION.

- (a) In administering this chapter, the commissioner shall coordinate with other agencies and affected coastal districts that have jurisdiction over activities subject to regulation under this chapter.
- (b) In a review or implementation of a detailed plan of operations under AS 41.17.090 and in a decision on a proposed variation from requirements under AS 41.17.087, the commissioner shall consider the comments of each affected state agency and, where applicable, coastal districts.
- (c) The commissioner shall give due deference to the Department of Environmental Conservation in decisions concerning water quality. The commissioner of environmental conservation retains the authority to adopt nonpoint source pollution regulations for activities subject to this chapter to the extent that regulations are not adopted by the commissioner of natural resources and approved by the commissioner of environmental conservation under this chapter. The commissioner of environmental conservation may withdraw approval of regulations

Sec. 41.17.087. VARIATION FROM REQUIREMENTS. (a) A forest landowner, timber owner, or operator may propose for a particular activity a variation from a requirement imposed by this chapter or the regulations adopted under this chapter. If the state forester determines that the harm intended to be avoided by the requirement is not likely to occur because of site-specific circumstances relating to the particular activity and is not likely to cause significant harm to fish habitat or water quality, the state forester shall agree to the proposed variation. If the state forester does not agree to the proposed variation, a forest landowner, timber owner, or operator may appeal to the commissioner. The appellants shall conform to the requirement during the pendency of the appeal.

(b) The commissioner shall adopt regulations that specify the standards under which a variation will be granted for harvesting timber within the riparian area of

- (1) a low gradient Type A water body with a width of five feet or less; and
- (2) other appropriate water body types.

(c) A determination by the state forester under (a) of this section and regulations by the commissioner under (b) of this section shall give due deference under AS 41.17.098.

Sec. 41.17.090. NOTIFICATION OF PLANS TO HARVEST TIMBER.

(a) Operations on forest land shall be reviewed under this section for consistency with the policies and provisions of this chapter and regulations adopted under this chapter.

(b) A forest landowner, timber owner, or operator may provide to the commissioner a voluntary plan of operations that describes the long-term plans for timber harvesting. The purpose of a voluntary plan is to give the division and the public an early opportunity to review plans, to identify areas of concern, and to allow the agencies and the public to provide local knowledge and early notice of potential problems to the forest landowner, timber owner, or operator.

(c) Before beginning operations on forest land, the operator shall provide the state forester with a detailed plan of operations. The detailed plan of operations must include

- (1) a description of the proposed operations, identifying the land involved and the action proposed in sufficient detail to inform the public of the nature and location of the proposed operations; the description must include a map and must be in a form suitable for duplication;
- (2) the name, address, and approving signature of the forest landowner, timber owner, and operator; and
- (3) other information required in the regulations adopted under this chapter.

(d) Within five days after receipt of a detailed plan of operations under (c) of this section, the state forester shall distribute the information received under (c) of this section to affected state agencies and coastal districts, and shall distribute the information received under (c)(1) of this section to each member of the public who has asked to receive copies of notifications for the affected area.

(e) Within 30 days after receipt of a detailed plan of operations, the state forester shall review the plan to determine if the operations are consistent with this chapter and regulations adopted under this chapter. Operations may begin under the plan upon the expiration of the 30-day period or upon notice

Sec. 41.17.310. APPROPRIATIONS TO STATE LAND REFORESTATION FUND. (a) The state land reforestation fund consists of money appropriated by the legislature and contributions from private donors. It is the intent of the legislature that the appropriations made to the fund equal no less than 25 percent of the revenues from the sale of timber and other forest products from state land as well as the total revenues from

- (1) compensation for loss or damage to land within a state forest; and
 - (2) the federal government and other governmental units for reforestation.
- (b) Money appropriated to or paid into the state land reforestation fund does not lapse.

Sec. 41.17.320. REPORT TO THE LEGISLATURE. The commissioner shall make an annual report to the legislature within the first 10 days of each session of the legislature on the uses of the money in the state land reforestation fund, the proposed uses of the fund in the following fiscal year, and the balance in the fund. (See 2 ch 91 SLA 1983)

ARTICLE 5. TANANA VALLEY STATE FOREST

Sec. 41.17.400. TANANA VALLEY STATE FOREST. (a) Subject to valid existing rights and except for land owned by or transferred to the University of Alaska under a settlement agreement between the state and the university, the state-owned or acquired land and water lying within the parcels described in (d) of this section is designated as the Tanana Valley State Forest.

(b) The commissioner shall prepare a management plan for the Tanana Valley State Forest under AS 41.17.230.

(c) In addition to the uses described in AS 38.05.112(c), the commissioner may establish transportation corridors within the Tanana Valley State Forest.

(d) The Tanana Valley State Forest includes the state-owned or acquired land and water lying within the following described parcels:

(legal descriptions have been deleted from this copy)

ARTICLE 6. GENERAL PROVISIONS

Sec. 41.17.900. APPLICABILITY. (a) Unless otherwise specified, this chapter applies to forest land under state, municipal, or private ownership.

(b) For federal land,

- (1) the degree of resource protection may not be less than that established by this chapter for state land except that AS 41.17.-119 establishes the minimum riparian standard;
- (2) a timber harvest activity subject to this chapter shall satisfy the requirement to be consistent to the maximum extent practicable with the Alaska coastal

zone management program if the federal land management plans, guidelines, and standards applicable to that timber harvest activity provide no less resource protection than the standards that are established in this chapter provide for state land except that

(A) AS 41.17.119 establishes the minimum riparian standards; and

(B) this paragraph does not apply to a timber harvest activity that requires a state or federal authorization under a provision of law other than this chapter.

(c) The commissioner shall exempt by regulation from the provisions of this chapter

(1) minor, small scale, or incidental commercial operations of little significance with respect to the purposes of this chapter; and

(2) operations for primarily noncommercial purposes, including but not limited to the harvesting of timber for personal use.

(d) Notwithstanding any other provision of this chapter, the commissioner may not employ the authority vested by this chapter so as to duplicate or preempt the statutory authority of other state agencies to adopt regulations or undertake other administrative actions governing resources, values, or activities on forest land except for

(1) regulations under the Coastal Management Act; and

(2) regulations, if authorized by the commissioner of environmental conservation, relating to control of nonpoint source pollution.

(e) Subject to 16 U.S.C. 1456(f) (Sec. 307(f) of the Coastal Zone Management Act of 1972, P.L. 92-583) as to private land, this chapter and the regulations adopted under this chapter establish the forest management standards, policies, and review processes under AS 46.40 (Alaska Coastal Management Act). This subsection does not apply to timber harvest activity that requires a state or federal authorization under a provision of law other than this chapter.

(f) This chapter does not diminish the rights, privileges, or immunities of Alaska Natives or Alaska Native corporations with respect to land conveyed under 43 U.S.C. 1601 - 1628 (Alaska Native Claims Settlement Act), and does not alter or diminish the authority of the Department of Fish and Game under AS 16, of the Department of Environmental Conservation under AS 46, or of a state agency under other law.

Sec. 41.17.910. WILDLIFE HABITAT ON PRIVATE LAND. (a) The Department of Fish and Game and the commissioner shall work cooperatively with private forest landowners and timber owners to protect, maintain, and enhance wildlife habitat to the maximum extent practicable, consistent with the interests of the owners in the use of their timber resources.

(b) The Department of Fish and Game shall provide educational and technical assistance and extension services to owners of private forest land or timber to assist in identifying important wildlife habitat and to assist in designing voluntary management techniques that minimize adverse effects on wildlife habitat.

Sec. 41.17.082. CONTROL OF INFESTATIONS AND DISEASE. (a) All forest clearing operations and silvicultural systems must be designed to reduce the likelihood of increased insect infestation and disease infections that threaten forest resources.

(b) A forest landowner may not conduct or approve timber clearing activities that create conditions fostering outbreaks of infestation or infection that threaten forest resources on forest lands belonging to another person. If the commissioner finds, after notice and hearing, that there has been a violation of this subsection, the commissioner may

(1) require the forest landowner, at that person's expense, to remove promptly or cure the conditions fostering outbreaks of infestation or infection; and

(2) require the forest landowner, at that person's expense, to undertake environmentally sound, effective, and cost-efficient actions to control the infestation or infection in the immediate vicinity of the improper timber clearing activity.

(c) If a forest landowner does not comply with a final order of the commissioner under (b)(1) or (b)(2) of this section, the commissioner may enter onto the land and undertake the actions ordered and the landowner is liable for the cost of the actions. The commissioner shall deliver to the landowner an itemized statement of expenses incurred.

(d) The commissioner may undertake surveys and appraisals to obtain data on regional insect infestations and disease conditions. Upon a determination that an area is infested with forest insects or infected with diseases injurious to forest resources and that the infestation or infection threatens the forest land or timber of adjacent owners, the commissioner may establish the boundaries of an infestation or infection zone. The commissioner may enter into an agreement with an owner or with a governmental agency to control or suppress infestation or infection within the zone. Upon a determination by the commissioner that insect and disease control work within the zone is no longer necessary or feasible, the commissioner shall terminate the zone.

Sec. 41.17.083. CLEARING OF FOREST LAND FOR NON-TIMBER PURPOSES.

A state agency, municipality, or public utility shall determine whether the timber to be removed has significant salvage value before approving or conducting clearing of forest land for purposes other than timber harvest. If the timber has significant salvage value, the agency or utility shall salvage the timber as part of the clearing process.

Sec. 41.17.085. PERMIT APPLICATIONS. (a) An operator may apply through the commissioner for permits required by other state agencies to operate on forest land, which applications may be forwarded to the commissioner of environmental conservation for procedures under AS 46.35. The commissioner shall notify the operator of the action taken.

(b) Where practicable and desirable, the commissioner may enter into cooperative agreements with federal agencies authorizing the department to serve as a collection point for federal permit applications

Sec. 41.17.080. REGULATIONS. (a) The commissioner may adopt regulations necessary to accomplish the purposes of this chapter under AS 44.62 (Administrative Procedure Act) regarding forest practices such as

- (1) road construction and maintenance, including
 - (A) road location, construction, maintenance, and post-operation management or removal;
 - (B) landing location and construction;
 - (C) drainage structures;
 - (D) material sources and spoil disposal sites;
- (2) timber harvesting, including
 - (A) timber harvest unit planning and design;
 - (B) felling and bucking;
 - (C) cable yarding, shovel, tractor, and wheeled skidder systems;
 - (D) landing clean-up;
 - (E) slash disposal;
- (3) log transfer, sort yards, and storage facilities, including
 - (A) location, design, and construction;
 - (B) maintenance;
 - (C) closure;
 - (D) log storage, rafting, and identification;
- (4) reforestation, including
 - (A) site preparation and rehabilitation;
 - (B) prescribed burning;
 - (C) exemptions from reforestation requirements;
- (5) prevention and suppression of forest insects and diseases;
- (6) salvage logging;
- (7) vegetative management; and
- (8) fire and flood hazard management.

(b) The commissioner shall adopt regulations specifying the information to be submitted under AS 41.17.090(c) in the detailed plan of operations to enable the division to determine whether the activities comply with the requirements of this chapter.

(c) The commissioner may establish regions, districts, or other subdivisions of forest land in the state in which different regulations apply to reflect varying conditions in the state or to facilitate administration. In adopting regulations, the commissioner shall make appropriate distinctions between public and private land.

(d) The commissioner shall adopt only those regulations necessary to accomplish the purposes of this chapter and shall avoid regulations that increase operating costs without yielding significant benefits to public resources.

(c) The Department of Fish and Game and the landowner shall cooperate in identifying areas of important wildlife habitat on private forest land and in developing methods for their protection. Methods of protection for wildlife habitat may include, with the agreement of the landowner, the purchase of fee title, purchase of conservation easements, and land exchanges.

(d) This section does not alter or diminish the authority and responsibility of the state over wildlife on private land.

Sec. 41.17.950. DEFINITIONS. In this chapter, unless the context otherwise requires,

(1) "anadromous water body" means the portion of a fresh water body or estuarine area that

- (A) is cataloged under AS 16.05.870 as important for anadromous fish; or
- (B) is not cataloged under AS 16.05.870 as important for anadromous fish but has been determined by the Department of Fish and Game to contain or exhibit evidence of anadromous fish in which event the anadromous portion of the stream or waterway extends up to the first point of physical blockage;

(2) "board" means the Board of Forestry established in AS 41.17.041;

(3) "broadcast chemicals" includes pesticides, herbicides, fungicides, fertilizers, poisons, and any other substances

(A) used for silvicultural management or related purposes;

(B) not native to the ecosystem in which they are being applied; and

(C) having a foreseeable adverse impact on the welfare of renewable resources, as determined by the commissioner of environmental conservation;

(4) "division" means the division of forestry;

(5) "forest land" means land stocked or having been stocked with forest trees of any size and not currently developed for nonforest use, regardless of whether presently available or accessible for commercial purposes, and includes any such land under state, municipal, or private ownership;

(6) "forest landowner" means a person who owns forest land, but does not include the owner of mineral or subsurface rights only;

(7) "high value resident fish" means resident fish populations that are used for recreational, personal use, commercial, or subsistence purposes;

(8) "multiple use" means

(A) the management of all the various resources of forest land so that they are used in the combination that will best meet the needs of the citizens of the state, making the most judicious use of the land for some or all of these resources or related values, benefits, and services over areas large enough to provide sufficient latitude for periodic adjustments in use to conform to changing needs and conditions;

(B) that some land will be used for less than all of the resources; and

(C) harmonious and coordinated management of the various resources, each with the other, without significant impairment of the

productivity of the land and water, with consideration being given to the relative values of the various resources, and not necessarily the combination of uses that will give the greatest dollar return or the greatest unit output;

(9) "operations" means timber harvesting or activities associated with timber harvesting or forest development unless exempted under AS 41.17.900(a) - (c);

(10) "operator" means a person who is engaged in timber harvesting or activities associated with timber harvesting or forest development, or who contracts with others to conduct operations for that person, except a person who is engaged in an operation as an employee with wages or piecework as the sole compensation;

(11) "other public land" means state land managed by state agencies other than the department, land owned by a municipality, and land owned by the University of Alaska;

(12) "person" has the meaning given in AS 01.10.060 and also includes a joint venture;

(13) "riparian area" means

(A) the areas specified in AS 41.17.116(a) on private land in the coastal forest of spruce or hemlock;

(B) the areas specified in regulations adopted by the commissioner under AS 41.17.116(b) on private land outside the coastal forest of spruce or hemlock;

(C) the area 100 feet from the shore or bank of an anadromous or high value resident fish water body on state land managed by the department and on other public land;

(14) "significant impairment of the productivity of the land and water" means an activity that may foreseeably result in prolonged or substantial damage to renewable resources or prolonged or substantial reduction of the continuing capability of the land or water to produce renewable resources at their natural or historic levels;

(15) "silviculture" means the art of producing and tending a forest, the application of the knowledge of silvics in the treatment of a forest, and the theory and practice of controlling and managing forest establishment, composition, and growth;

(16) "state forest" means an area designated by the legislature and retained in state ownership in order to

(A) provide a base for sustained yield management of renewable resources; and

(B) permit a variety of beneficial uses;

(17) "sustained yield" means the achievement and maintenance in perpetuity of a high level annual or regular periodic output of the various renewable resources of forest land and water without significant impairment of the productivity of the land and water, but does not require that timber be harvested in a non-declining yield basis over a rotation period;

(3) administration of forest land shall consider marketing conditions and other economic constraints affecting the forest land owner, timber owner, or the operator;

(4) to the fullest extent practicable, harvested forest land shall be reforested, naturally or artificially, so as to result in a sustained yield of merchantable timber from that land, if artificial planting is required, silviculturally acceptable seedlings must first be available for planting at an economically fair price in the state; and

(5) significant adverse effects of soil erosion and mass wasting on water quality and fish habitat shall be prevented or minimized.

(c) With respect to state and municipal forest land only, the following standards also apply:

(1) forest land shall be administered for the multiple use of the renewable and nonrenewable resources and for the sustained yield of the renewable resources of the land in the manner that best provides for the present needs and preserves the future options of the people of the state;

(2) a system of allocating predominant uses or values to particular units within a contiguous area of land shall reflect in reasonable proportion the various resources and values present in that area;

(3) to the extent its capacity permits, forest land shall be administered so as to provide for the continuation of businesses, activities, and lifestyles that are dependent upon or derived from forest resources;

(4) timber harvesting is limited to areas where data and information demonstrate that natural or artificial reforestation techniques will result in the production of a sustained yield of merchantable timber from that area;

(5) there may not be significant impairment of the productivity of the land and water with respect to renewable resources;

(6) allowance shall be made for scenic quality in or adjacent to areas of substantial importance to the tourism and recreation industry; and

(7) allowance shall be made for important fish and wildlife habitat.

Sec. 41.17.070. ADMINISTRATIVE PLAN AND REPORT. (a) The commissioner shall develop and continually maintain a long-range plan for the administration of this chapter which demonstrates that the provisions of AS 41.17.010 are being recognized and that the standards of AS 41.17.060 are being met. The commissioner shall maintain a current inventory or assessment of timber on forest land to assist in meeting the requirements of this section.

(b) To maintain a record of division decision making for public and agency review, the commissioner shall compile and index each decision made under this chapter regarding directives, stop work orders, waivers from requirements, decisions of hearing officers, and decisions on appeals. The commissioner shall submit a summary of this record annually to the board.

Sec. 41.17.055. POWERS AND DUTIES OF THE COMMISSIONER.

- (a) The commissioner may designate and operate experimental and research forests on state land consistent with the limitations of AS 38.05.300. Laboratories and other facilities may be employed in conjunction with those forests.
- (b) The commissioner may establish and maintain forest vegetation nurseries and greenhouses for planting stock to be made available, with or without charge, to organizations, institutions, government agencies, individuals, and businesses for reforestation, afforestation, and related purposes.
- (c) The commissioner is authorized to undertake cooperative forestry programs, extension services and education programs, and to otherwise offer a full range of professional management services to the interested public. When the commissioner considers it beneficial, the commissioner may participate in federal assistance programs by accepting assistance in whatever form offered.
- (d) The commissioner may develop regulations under this chapter as part of the state program for control of nonpoint source pollution under the Federal Water Pollution Control Act, as amended. However, the Department of Environmental Conservation is the lead agency for water quality and control of nonpoint source pollution under that Act, and the regulations are therefore subject to the approval of the commissioner of environmental conservation.
- (e) In the administration of this chapter, the commissioner shall consult with and draw upon the expertise of interested organizations, enterprises, individuals, government agencies, educational institutions, and landowners. The commissioner may enter into cooperative agreements and contracts with them to carry out this chapter.
- (f) The commissioner shall locate department personnel with forestry expertise throughout the state to facilitate public access to professional management services and other forest resources programs.
- (g) The commissioner may take other actions necessary and proper for the administration of this chapter, including the adoption of regulations under the Administrative Procedure Act (AS 44.62) and AS 41.17.047.

Sec. 41.17.060. REGULATORY AND ADMINISTRATIVE STANDARDS.

- (a) All regulations, administrative actions, and other activities and duties undertaken under this chapter shall be in full accordance with the standards set out in this section.
- (b) With respect to state, municipal, and private forest land, the following standards apply:
 - (1) to the maximum extent possible, all applicable data and information of applicable disciplines shall be updated and used in making decisions relative to the management of forest resources;
 - (2) environmentally sensitive areas shall be recognized in the development of regulations and best management practices that are designed to implement nonpoint source pollution control measures authorized under this chapter;

(18) "timber owner" means a person who owns timber on forest land or who has the rights to timber, but does not own the land itself;

(19) "Type A water body" means an anadromous water body that is

(A) a stream or river of any size having an average gradient of eight percent or less, with banks held in place by vegetation, channels that are not incised, and a substrate composed of rubble, gravel, sand or silt;

(B) wetlands and lakes, including their outlets; and

(C) an estuarine area delimited by the presence of salt-tolerant vegetation;

(20) "Type B water body" means an anadromous water body that is a fish stream or river of any size having an average gradient of eight percent or less, a channel that is incised and contained by the geomorphology and not by vegetation, and a substrate that ranges from rubble to bedrock; and

(21) "Type C water body" means a stream that is tributary to anadromous waters and that is incised greater than 28 degrees, has an average gradient of greater than eight percent, is narrower than 20 feet between ordinary high water marks, has a substrate of rubble and bedrock, and is a mountain slope stream at the upper end of the watershed.

NOTES TO THE LEGISLATION

LEGISLATIVE REVIEW. The legislature acknowledges and recognizes that this Act is adopted on an interim basis because it involves a significant increase in agency responsibility, is based on many untested assumptions, and depends for its effectiveness on many factors beyond the control of the state. Therefore, it is the intent of the legislature that the operation of this Act and regulations adopted under this Act be fully reviewed and the Act amended as necessary after the second full field season ends in 1992. This period is intended to allow for further research and to gain experience implementing the Act and its regulations. It is the intent of the legislature that a representative group be convened for the review or that it be conducted by the Board of Forestry. It is the intent of the legislature that the review occur with full public input and participation. No later than January 1, 1993, the Board of Forestry, the Department of Natural Resources, the Department of Environmental Conservation, and the Department of Fish and Game shall submit, along with the reports required by AS 41.17.047(d), any proposed amendments to this chapter. The legislature may hold hearings to consider these or other amendments and may take whatever action is required to accomplish the intent and purposes of this Act.

INITIAL TERMS OF MEMBERS OF BOARD OF FORESTRY. The initial terms of the members of the Board of Forestry appointed under AS 41.17.041, as enacted by sec. 3 of this Act, are for two members, one year; for three members, two years; and for three members, three years.

INTERIM RIPARIAN PROTECTION FOR THE COASTAL FOREST.

A notification for timber harvest activities within the coastal forest of spruce or hemlock filed under AS 41.17.090 before the effective date of this section shall be reviewed by the commissioner of natural resources to determine if the proposed operations provide protection that is substantially equivalent to the fish habitat protection that is provided by AS 41.17.116, as enacted by sec. 14 of this Act. If the commissioner determines that protection that is substantially equivalent to that provided by AS 41.17.116 has been offered or if the forest landowner, timber owner, or operator complies with an alternate protection plan proposed by the commissioner, operations covered by the notification are not subject to AS 41.17.116. If the commissioner determines that the notification does not provide protection that is substantially equivalent to that provided by AS 41.17.116, the operator must either resubmit the notification in conformance with this standard or comply with AS 41.17.116. The failure by the commissioner to make a determination on a notification within 30 days from the effective date of this section constitutes a determination that the notification provides protection that is substantially equivalent to the fish habitat protection that is provided by AS 41.17.116.

INTERIM RIPARIAN PROTECTION OUTSIDE THE COASTAL FOREST.

Until regulations are adopted by the commissioner of natural resources under AS 41.17.116(b), as enacted by sec. 14 of this Act, timber harvest operations on forest land within 100 feet from the shore or bank of an anadromous or high value resident fish water body must be sited and designed primarily to protect fish habitat and water quality.

OTHER:

AS 41.17.118, as enacted by sec. 14 of this Act, does not alter the terms of an existing contract or the outcome of litigation pending on the effective date of this Act. An amendment to or renewal of an existing state timber contract must be consistent with AS 38.05 and AS 41.17.

AS 41.17.010(5), as amended in sec. 2 of this Act, takes effect immediately under AS 01.10.070(c).

Sections 1, 3 - 4, 6 - 8, 10 - 11, 13 - 14, 22 - 23, 27, 29 - 32, and 34 of this Act take effect immediately under AS 01.10.070(c).

Except as provided in secs. 35 and 36 of this Act, this Act takes effect October 1, 1990.

Sec. 41.17.045. REMOVAL OF MEMBERS. (a) The governor may initiate the removal of a board member for inefficiency, neglect of duty, or misconduct in office by delivering to the member a written copy of the charges and giving the member an opportunity to be heard in person or by counsel at a public hearing before the governor or the governor's designee on at least 10 days' notice by registered mail. The member has a right of confrontation and cross-examination of witnesses testifying.

(b) The removal is effective 15 days after the governor files a complete statement of all charges made against the member and the findings on those charges, in the main office of the board, except that a member may appeal the findings to the superior court. The court shall limit its review to a determination of whether the findings on the charges are substantiated by the evidence presented. The removal is suspended for any period of time during which an appeal on the findings of the governor or the governor's designee is pending.

Sec. 41.17.047. POWERS AND DUTIES OF BOARD. (a) The board shall review and comment to the commissioner on regulations proposed for adoption under this chapter.

(b) The board shall provide a forum for representatives of affected interests to discuss and attempt to resolve issues relevant to this chapter and to the forest resources of the state.

(c) The board, working with the department, the Department of Environmental Conservation, the Department of Fish and Game, other affected agencies and parties, and the forest-dependent industries, shall conduct an annual survey of research needs related to forest practices. The board shall review research proposals and shall make recommendations to promote research projects that would address these needs to the governor and the legislature.

(d) The board shall coordinate the monitoring of the implementation and effectiveness of this chapter, the regulations, and best management practices adopted under this chapter in meeting state water quality standards, fish and wildlife habitat requirements, and other forestry objectives. The board shall report annually to the legislature and the governor on the effectiveness of this chapter and regulations adopted under it, with its recommendations for changes and for needed research and monitoring. The state forester, the Department of Fish and Game, and the Department of Environmental Conservation shall each present an annual report, independently, to the board on the effectiveness of this chapter, the regulations, and best management practices adopted under this chapter that protect the resources for which they have statutory responsibility, and shall make recommendations for changes to correct procedural or substantive problems. The board shall forward the reports to the legislature as part of its annual report. The board shall hold hearings at least once annually in southeast, southcentral, and interior Alaska for purposes of taking public testimony on the subjects.

generally accepted educational credentials, familiar and experienced with the renewable and nonrenewable resources the values of forest land and the products, benefits, and services obtained from them.

(c) The commissioner shall administer this chapter and is authorized and encouraged to delegate responsibilities for carrying out this chapter to the state forester. (Sec. 1 ch 108 SLA 1978; am sec. 42 ch 113 SLA 1981; am sec. 5 ch 91 SLA 1983).

Sec. 41.17.030. RESPONSIBILITIES OF DIVISION. (a) The division shall manage state forests and, as directed by the commissioner, provide technical advice to the division of lands on sound forest practices necessary to ensure the continuous growing and harvesting of commercial forest species on other state land.

(b) The division shall relegate operations on private forest land as authorized by the provisions of this chapter or state law.

(c) The division shall provide public information and assistance regarding forest practices and timber management generally.

Sec. 41.17.041. BOARD OF FORESTRY. (a) The Board of Forestry is established in the Department of Natural Resources, division of forestry.

(b) The board is composed of nine members appointed by the governor:

- (1) a representative of a commercial fishermen's organization;
- (2) a representative of a Native corporation established under 43 U.S.C. 1601-1628 (Alaska Native Claims Settlement Act);
- (3) a representative of an environmental organization;
- (4) a representative of a forest industry trade association;
- (5) a professional fish or wildlife biologist who is not employed in that capacity by a state, municipal, or federal government agency, except for university employment;
- (6) a professional forester who is not employed in that capacity by a state, municipal, or federal government agency, except for university employment;
- (7) a representative of a mining organization;
- (8) a representative of a recreational organization; and
- (9) the state forester, who serves ex officio and without a vote.

(c) The state forester is the presiding officer of the board and shall, in consultation with the board, establish procedures for scheduling and organizing board meetings. Seven voting members of the board constitute a quorum. Each decision of the board requires the affirmative vote of each voting member present less one.

(d) A board member who is unable to attend a meeting may designate an alternate who possesses the same qualifications as the board member.

(e) The division shall serve as staff to the board. The department, the Department of Fish and Game, and the Department of Environmental Conservation shall provide technical staffing and information as needed by the board.

TOPIC GUIDE FOREST RESOURCES & PRACTICES ACT - 1990

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Note: This guide is presented as a helpful aid and is not all inclusive.

ALASKA FOREST RESOURCES AND PRACTICES ACT

-1990-

(As Revised by the Alaska Legislature in 1990)

CHAPTER 17. FOREST RESOURCES AND PRACTICES

ARTICLE 1. ADMINISTRATION AND MANAGEMENT

Sec. 41.17.010. DECLARATION OF INTENT. The legislature declares that

- (1) the forest resources of Alaska are among the most valuable natural resources of the state, and furnish timber and wood products, fish and wildlife, tourism, outdoor recreation, water, soil, air, minerals, and general health and welfare;
- (2) economic enterprises and other activities and pursuits derived from forest resources warrant the continuing recognition and support of the state;
- (3) the state has a fundamental obligation to ensure that management of forest resources guarantees perpetual supplies of renewable resources, provides nonrenewable resources in a manner consistent with that obligation, and serves the needs of all Alaska for the many products, benefits, and services obtained from them;
- (4) government administration of forest resources should combine professional management services, regulatory measures, and economic incentives in a complementary fashion, and should draw upon the expertise of professional foresters in conjunction with other disciplines;
- (5) under the leadership of the Department of Environmental Conservation as lead agency, the state should exercise its full responsibility and authority for control of nonpoint source pollution with respect to the Federal Water Pollution Control Act, as amended;
- (6) subject to AS 41.17.098(c), the provisions of this chapter, and regulations adopted under this chapter, with the approval of the Department of Environmental Conservation, establish the non-point source pollution requirements under state law and sec. 319 of the Clean Water Act for activities subject to this chapter;
- (7) except for activities subject to AS 16.05.840 or 16.- 05.870 and regulations authorized by those sections, this chapter and regulations adopted under this chapter establish the fish habitat protection standards, policies, and review processes under state law.

Sec. 41.17.020. DIVISION OF FORESTRY ESTABLISHED. (a) The governor may establish, within the department, a division of forestry to carry out this chapter and other appropriate duties designated by the governor.

(b) The division shall be headed by a director who shall be the state forester, appointed to the partially exempt service in accordance with law by the commissioner, from a list of two or more candidates submitted by the board. The commissioner may reject all candidates, in which case the board shall submit a new list. The state forester shall be a natural resources land manager with

This publication was released by the Department of Natural Resources, produced at a cost of \$0.77 per copy, and printed in Anchorage, Alaska for the purpose of providing the public an opportunity to review the contents of the Forest Resources and Practices Act.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HCS CSSB 310(REF)

Revision Date: 5/3/94
 Title: An Act relating to the management and sale of state timber
 Sponsor: Senator Frank
 Requestor: House Resources

Dept. Affected: Department of Fish and Game
 BRU: Habitat and Restoration Division
 Component: Habitat
 COMPONENT SERIAL NO. 486

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	279.2	279.2	279.2*	279.2*	180.0*	180.0*
TRAVEL	1.4	1.4	1.4*	1.4*	*	*
CONTRACTUAL	20.4	20.4	20.4*	20.4*	*	*
SUPPLIES	2.1	2.1	2.1*	2.1*	*	*
EQUIPMENT	18.6	0.0	0.0*	0.0*	*	*
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	321.7	303.1	303.1*	303.1*	180.0*	180.0*

CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	321.7	303.1	303.1*	303.1*	180.0*	180.0*
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	321.7	303.1	303.1*	303.1*	180.0*	180.0*

Estimate of any current year (FY 94) cost: \$ _____

POSITIONS

	FULL-TIME	6.5	6.5	6.5*	6.5*	2.5*	2.5*
PART-TIME				*	*	*	*
TEMPORARY				*	*	*	*

ANALYSIS: (Attach a separate page if necessary)

*See attached page for assumptions.

Prepared By: Frank Rug
 Division: Habitat and Restoration Division
 Approved by Commissioner: Carl S. Rosiers
 Agency: Alaska Department of Fish and Game

Phone: 465-4105
 Date: 5/3/94
 Date: 5/4/94

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ANALYSIS:

The estimate of work load and potential costs for this bill is divided into two parts. Part 1 estimates costs connected with House amendments added to Section 1. These amendments apply to all state timber sales. The actual costs on the front sheet reflect these costs. Part 2 applies to the remainder of the bill dealing with Forest Management Agreements. The costs for FMA's are reflected by the asterisks on the front sheet of this note.

Part 1

Page 1, Line 6 and 12-14: This section deletes the requirement that Forest Land Use Plans be prepared before timber is sold. Planning after the timber has been sold would seem to guarantee resource conflicts and lawsuits. Also removing the requirement that the plans be based on "the immediate and long-term effects of individual and collective forest activities on the timber base and on other resources and uses" will, by itself, decrease the efficiency of the decision-making process. These two changes effectively remove planning and the public from the process of selling timber. Instead of comprehensive solutions to issues, decisions will be more contentious as they are made in isolation on an individual basis after the basic decision has been made.

Failing to look at issues before timber is sold will increase the chances that resources will be over committed and mistakes made that will be expensive to fix. The department estimates that piecemeal debates and decisions on timber harvesting issues after the timber is sold and outside the forest land use planning process will require \$180.0 for an additional two and a half biologists (one and a quarter in the Southcentral and one and a quarter in the Northern region). This staff increase also addresses the issues and costs associated with the changes on page 2, lines 2-6, described below.

Page 2, Line 2-6: This amendment removes the requirement that forest land use plans follow the same process used when developing DNR area plans. It effectively removes the public, local government, adjacent landowners and other agencies from the forest planning process. While this may save money initially

by allowing the development of forest plans in a vacuum, experience (Haines State Forest Plan and Susitna-Tyonek Timber Sale) has shown that this approach is less efficient and causes more opposition to timber sales than if interested parties are involved in the process from the beginning. We estimate that it will take additional staff to help redo forest management plans that have been rejected by the public because a failure to follow the procedures required by 38.04.065(b).

Page 3, Lines 2-5: This new language requires that the commissioner of DNR only restrict or find timber harvest and associated activities incompatible if he or she documents the finding with "sound scientific data that clearly proves" the incompatibility and the benefits of the restriction.

The \$20 million of research on fish and wildlife resources done for the Susitna Hydro Project, and our long experience in coastal forests, combined with research from outside experience, give us a good basis for management decisions in the coastal forest and the southcentral boreal forest. Under existing statutes, however, riparian areas in the boreal forest north of the Alaska Range were left as management zones in the Forest Resources and Practices Act (FRPA) because of the lack of research specific to the boreal forest.

The committee that worked on the FRPA described research it felt was necessary to support a decision on a permanent riparian standard for the boreal forest. It is the department's estimate that it will cost \$511,000 over four years to implement the committee's recommendations and better understand the role of large woody debris and other habitat functions such as temperature control in riparian areas along boreal forest streams in Alaska. The attached capital budget request explains in more detail the need and basis for the department's cost estimate.

The department is strongly committed to making management decisions based on the best available science. Given the complexity of the natural sciences, however, while we can make sound scientific judgements, it may be impossible to "clearly prove" the necessity of any restriction of timber harvest. This is true in the coastal forest or the southcentral boreal forests where we have good data, and will probably be true in the northern boreal forest riparian areas even with much more basic research.

In addition to severely weakening the riparian protections on public lands in the boreal forest and any option of restricting timber harvest to maintain other resources and uses outside of riparian areas; this provision could also impact the riparian protections in the coastal forest on public lands. On state land in the coastal forest there is a management zone between 100 and 300 feet. Under this amendment, timber harvest would now only be restricted if scientific data "clearly proves" the need for the restriction. Despite the good data on wildlife in the Susitna Valley and Southeastern, there may be a need to refine, supplement and extend the coverage of available data on the function of the 100 to 300 foot management zone throughout the coastal forest. We do not have a good estimate of the costs for this additional research if it turns out to be necessary.

Part 2

To estimate work load and potential costs of implementing FMA's in Alaska, department staff researched the use of existing FMA's on the North American continent. Staff did not find any FMA's in use in the other forty nine states. We evaluated FMA's in Canada, the experience under the two long term sale contracts in Southeast Alaska, and the proposed Mat-Su borough FMA which the timber company (Menasha) recently withdrew from. We also evaluated the unsuccessful Fiberform proposal to enter into a long term negotiated timber sale and build a plant in Fairbanks. The Department of Natural Resources has discussed the possible estimate of the scope of FMA's in Alaska under SB 310, but has not produced this estimate in written form.

SB 310 could substantially impact the way state forests and sales of state timber are managed. The purpose of the bill appears to be to make available, large long-term sources of state timber to encourage the construction of timber processing facilities (i.e., plywood plants, oriented strand board, chip board plants, etc.) in interior and southcentral Alaska. These plants require a long-term continuous supply of timber.

A typical Canadian FMA ranges from 2,000 (760 square miles) and 20,000 (7,600 square miles)square kilometers. Because of the relatively low per-acre timber volumes in the boreal forest, very large acreages can be required to meet

annual mill consumption needs. Annual cuts of 20,000 acres per year are consistent with what has occurred on FMA mill concessions within interior Canadian forests as well as the large-scale long-term timber contracts for mills in southeastern Alaska. The need for large volumes of timber is normally met through large cutting areas with mechanized equipment designed to handle small diameter logs similar to ongoing large-scale mechanized logging operations on private timber land on the Kenai Peninsula.

If SB 310 is adopted, it appears there is the potential for at least three FMAs to be negotiated; in the next five years, one in the Tanana Valley State Forest, one in the Susitna Valley, and one in the Copper River Basin, Kenai Peninsula, or Kuskokwim drainages. As mentioned above, a 36,000 acre FMA had been negotiated on Mat-Su Borough lands in the Susitna Valley, but recently fell through because the timber company withdrew.

Because the purpose of FMAs is to commit large quantities of state timber to promote economic development, FMAs will greatly increase the annual cut in the areas of the state where they occur. This means more fish and wildlife habitat will be affected and more Title 16 reviews and forest practices inspections will be required if impacts to fish and wildlife habitat and production are to be minimized. Because pre-sale planning and pre-contract reviews will be greatly curtailed or eliminated under SB 310, many impacts which would have formerly been addressed in the pre-sale planning process, will have to be addressed in annual plans and in the field. This will necessitate increased reliance on annual plan reviews and field monitoring and enforcement to protect anadromous fish habitat and wildlife habitat.

Trying to resolve resource conflicts with the FMA concessionaire is expected to be much more difficult because of the costs to the concessionaire. This would require a substantial increase in ADF&G field staff to meet ADF&G statutory responsibilities under Title 16 and Title 41. Because of the large size of FMAs and likely accelerated harvest, a biologist, a fisheries or wildlife tech, and some clerical support would be required as each new FMA is developed and comes on line. The technician would be important for surveying streams ahead of the cutters (i.e., 20,000 acres per year), marking stream buffers, and monitoring harvest.

Other assumptions we used in developing our fiscal note are:

1. The promise of low cost long-term timber supplies will attract large companies and plants which will need large quantities of timber.
2. Because of the large scale and rapidity at which timber will be cut, and the fact that the FMA structure will make it more difficult to get meaningful fish and wildlife protection built into the sale agreements, more biologists will be required to review operating plans, negotiate ground rules, and to monitor operations in the field. Based on the Canadian experience, at least one staff biologist should be assigned full-time to monitor each FMA exceeding 500,000 acres (780 square miles).
3. The number of U.S. Forest Service (USFS) biologists working on a long-term, large-scale contract, such as the L&P Tongass contract, would probably be a good indicator of the amount of biological work required for a similar state FMA. As many as 23 USFS biologists may work on layout and monitoring operations on long-term timber contracts in the Sitka Ranger District alone.
4. Experience with Canadian FMAs indicates that one of the major problems is that government does not monitor FMA operations closely enough and is so slow in detecting violations that they often become large problems. Once problems have been identified, they have been slow in enforcing the terms of the agreement or environmental regulations. The State of Alaska needs to avoid this problem by having staff biologists monitoring operations in the field.
5. Based on information that at least two and possibly more major timber companies have been interested in the feasibility of constructing large mills in southcentral and interior Alaska to utilize low cost timber, it is assumed that they would move to submit FMA proposals. Given the current interest in using state timber to stimulate local businesses and support by the Alaska Division of Forestry, it is estimated that there could be as many as three agreements in place by 1998.

6. A single oriented-strand-board (OSB) manufacturing plant requires up to 20 million board feet (bf) of timber per year to operate. Fibreform Wood Products, Inc. 1992 corporate proposal requested up to 115 million bf annually of mixed species (equal to the total estimated volume from the Tanana Valley State Forest). [Source: Dave Wallingford (DOF) memo to Bob Dick dated July 7, 1992.]
7. Merchantable quantities of mixed species timber volumes in interior Alaska's boreal forest range between 1,200 cubic feet (4,800 bf) to 2,500 cubic feet (10,000 bf) per acre. Timber volumes in the Dawson Creek, B.C. area average 1,200 cubic feet (4,800 bf) per acre. Maximum volumes in southcentral Alaska are 3,000 cubic feet (12,000 bf); average volumes range between 2,000 cubic feet (8,000 bf) to 2,500 cubic feet (10,000 bf) per acre. [Source: Cal Kerr (American North) letter to Dave Wallingford dated July 27, 1992].
8. To support a single oriented-strand-board manufacturing plant, up to 4,167 acres (or 6.5 square miles) of interior Alaska's boreal forest must be harvested annually. Using only the highest yield forests, up to 2,000 acres (3.1 square miles) must be harvested annually.
9. To support the Fibreform proposal, up to 23,958 acres (or 37.4 square miles) of interior Alaska's boreal forest must be harvested annually. Using only the highest yield forests, up to 11,500 acres (18 square miles) must be harvested annually.
10. Once south-slope hillsides have been harvested, most remaining merchantable timber within interior Alaska's boreal forest is located within riparian corridors less than 500 feet from streams and rivers.
11. To implement our AS 16 responsibilities, maintain an appropriate field presence, and fully coordinate with DNR in the development of forest management plans, forest management agreements, and annual harvest plans, at a minimum, the annual costs detailed on the next page would be required in the region(s) in which FMAs were conducted.

Expected Annual Expenditures per Forest Management Agreement

<u>Personnel</u>	93.9
PFT Biologist III (\$5.2/mo)	62.4
PPT Fish Tech III (3.3/mo)	20.1
PPT Clerk Typist III	11.4
<u>Travel</u>	3.0
<u>Contractual</u>	4.0
<u>Supplies</u>	2.0
	102.9

PROJECT TITLE: Determination of Fish Habitat and Logging Relationships on Coastal and Inland Streams			
LOCATION: Southcentral and Interior Alaska		COMPLETION DATE: June 30, 1998	ELECTION DISTRICT: 6-16,17-21,24
PROGRAM: Natural Resources		TYPE: Planning	
FUNDING:		CAPITAL REQUEST:	OPERATING COSTS:
1002	FEDERAL RECEIPTS	_____	_____
1003	GENERAL FUND MATCH	_____	_____
1004	GENERAL FUND	511.0	0.0
1005	GF/PROGRAM RECEIPTS	_____	_____
1006	GF/MENTAL HEALTH	_____	_____
1007	INTERAGENCY RECEIPTS	_____	_____
	OTHER	_____	_____
		_____	_____
TOTALS:		511.0	0.0

PROJECT DESCRIPTION AND JUSTIFICATION:

Overview: The objectives of this investigative capital project are to: 1) determine the degree to which salmon and other fish populations depend on large woody debris and other associated fish habitat components along streams and rivers of Alaska's boreal forest (the primarily inland forest of white and black spruce, birch aspen, and cottonwood), 2) determine the effects that varying degrees of timber harvest along these streams and rivers are expected to have on such fish habitat components, and 3) develop specific recommendations on the widths and tree composition of riparian vegetative buffers needed to prevent significant harm to fish habitat. (Important fish habitat components in addition to large instream woody debris include stream bank stability, channel morphology, water temperatures, stream flows, water quality, adequate nutrient cycling, fish food sources, clean spawning gravels, and sunlight.)

Information derived from this project will be summarized in a document that will enable ADF&G to help ensure that fish habitat protection provisions of the state Forest Resources and Practices Act are met without unnecessary restrictions on the harvest of timber on private and state forest lands. In the absence of such information, there is a need to design riparian buffers conservatively enough that fish habitat protection can be assured. By limiting riparian habitat protection to that which is known to be necessary, the economic well being of the state will be served. The reproductive base for the state's fishing industry will be protected, and the timber industry will be allowed to operate with only those fish habitat protection requirements that are necessary.

CAPITAL PROJECT DESCRIPTION
CP1

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PROJECT Habitat/Logging Relationships

Overview (continued):

The project objectives are consistent with the department's proposed FY93-95 policy budget, have the support of local communities, and are best implemented over a four-year period. Each year the project is delayed will be another year in which general rather than more specific data-based riparian habitat protection measures will need to be employed. Alternatives to CIP funding are not available.

Legislative Basis for Project

The project is needed to adequately implement the state's Forest Resources and Practices Act (FPA) amendments of 1990. The Legislature recognized the paucity of data regarding the above objectives, and for that reason the Act includes only interim standards for protecting riparian fish habitat on private land in the boreal forest. In fact, the broad-based Forest Practices Steering Committee appointed to draft the FPA amendments specifically endorsed the following study needs regarding the interaction of forestry and fish (page 12, Alaska Forest Practices Act Review: Final Report, June 1989):

- Probability of riparian leave trees providing large woody debris
- Probability of second growth timber providing large woody debris
- Depletion/recruitment rates of large woody debris for interior Alaska streams
- Information on temperature-sensitive streams throughout Alaska
- Information on the effects of winter water temperatures on fish
- Effects of second growth crown canopy closure on fish production
- Characteristics of forest stands next to streams (age, size, volume, species, etc.)

Conduct of the Project

The proposed project is to be conducted by ADF&G Habitat and Restoration Division staff and is expected to be funded entirely with state funds. The project is proposed for four years because, in collecting biological data, it is unlikely that any single given year will be typical in terms of long-term average weather conditions. A particular summer or winter may, for instance, be unusually hot or cold, thereby resulting in data that do not represent longer term trends. A four-year project will better approximate long-term weather and related conditions. It will also allow several months to analyze the data and develop meaningful recommendations on riparian management alternatives for protecting fish habitat.

<div style="border: 1px solid black; padding: 2px; width: 30px; margin: 0 auto;">CP1</div>	CAPITAL PROJECTS DESCRIPTION
ADDITIONAL EXPLANATION FORM	

(10/09) CP1LOG95.WP5

	AGENCY Department of Fish and Game
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Primary Beneficiaries of the Project

The results of this project will significantly help those Alaskans who directly or indirectly benefit from the commercial, subsistence, or sport harvest of salmon and other fish species originating in freshwater systems of the boreal forest. These results will be useful throughout the boreal forest, especially in the southcentral region of the state where there is considerable interest on the part of the wood products industry in the large-scale harvest of forested land that has not previously been subject to intensive human disturbance.

Freshwater systems of the boreal forest make a significant contribution to Alaska's valuable commercial, subsistence, and recreational fisheries. For example, the annual ex-vessel value (direct value to commercial fishers) of salmon reared in freshwater habitat of Cook Inlet's boreal forest is approximately \$200 million. This does not include the multiplier effect as these dollars work their way through the economy by way of onshore processing, transportation, and the various service sectors. A recent Jones and Stokes report indicates that for southcentral Alaska alone, angler expenditures totaled \$127.1 million in 1986, directly supporting 2,178 in-state jobs in sport-fishing-related businesses. In addition to these market effects, there is an estimated \$276.8 million in surplus values from participation in southcentral sport fishing; this represents the additional amount that anglers would be willing to pay to ensure the availability of sport fishing opportunities in the region. Commercial, sport, and subsistence fisheries values are also important north of the Alaska Range.

The project will also directly benefit those involved in the timber industry by producing riparian management strategies that will provide enough riparian vegetation to protect fish habitat components without unduly constraining timber harvest opportunities. In the absence of information resulting from this project, biological recommendations will necessarily be more conservative in their protection of fish habitat values.

Other Beneficiaries of the Project

The project will also significantly benefit those citizens engaged in or affected by resident or non-resident use of wildlife. First, to the extent that certain predators or scavengers such as bears, wolves, eagles, and furbearers depend on salmon as a food source, their population levels and vigor will reflect the size and vigor of salmon populations protected by sound riparian management strategies. Second, to the extent that vegetation is left along streams and rivers to protect fish habitat, it will provide other habitat values for predators and for non-predators such as moose which traditionally occupy riparian habitat during portions of their life cycles.

Wildlife are very important to the state's economy, both in attracting out-of-state visitors and in maintaining a quality of life that attracts and helps to retain a large percentage of its residents.

CP1

CAPITAL PROJECTS
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Further Biological Basis for the Project

In helping to develop the riparian management standards that are included in the state's Forest Resources and Practices Act for Alaska's coastal rain forest of western hemlock and Sitka spruce, the department based its recommendations on research data from the National Marine Fisheries Service (NMFS) laboratory at Auke Bay. These data demonstrate the contribution that the roots of streamside trees make to stream channel stability and the value of fallen trees in providing the pools and riffles that are so essential in providing spawning and rearing habitat for juvenile salmon. The NMFS data also helped to indicate the importance of other associated fish habitat components.

Similar research has not been conducted in Alaska's boreal forest and is essential for the protection of freshwater, salmon producing systems in that forest type. This project is intended to provide needed information on streams and rivers of all sizes, including those the size of Campbell Creek in Anchorage and less stable, large braided rivers the size of the Susitna, Yentna, Tanana, and Yukon. The role that large woody debris and other fish habitat components play will vary considerably over such a wide range of stream and river types, and it is necessary to develop a study plan that includes a statistically valid sampling design that will ensure that the project produces meaningful results for these various types. In the larger systems, for example, it may be found that tree species such as cottonwood and birch serve an important function in anchoring river banks in braided channels. If adequate numbers of such trees are not retained along river banks, channels may shift more rapidly than if left in an undisturbed condition. This would likely result in less stable salmon spawning and rearing habitat and reduced fish production.

Large woody debris also plays an important role in plugging the upstream ends of sloughs, creating clearwater spawning and rearing habitat in otherwise turbid glacial waters. Standing trees need to be available to provide sources of future instream woody debris for these sloughs. Temperature studies conducted in the Pacific Northwest, including Oregon, Washington, Vancouver Island, and southeast Alaska, have indicated that removal of the tree crown canopy over streams can result in summer stream temperatures that are high enough to cause stress and suffocation of fish. Temperatures in southcentral Alaska are often higher than in the maritime climate of the coastal forest, and water temperatures may reach critically high levels. A result of this study will be to determine the degree to which these conditions occur and the effects that various riparian tree removal scenarios can be expected to have on salmon habitat productivity. Severe winter temperatures can also cause fish mortality, and the study is intended to reveal the degree to which tree canopy cover and the snow that is intercepted by downed trees lying across streams moderate extremely low temperatures.

The study will also reveal the degree to which the return of riparian vegetation following timber harvest is likely to provide stream shading for fish. This will be possible by studying streams that have been previously logged and possibly by examining streams where fire has had an effect similar to timber harvest in causing tree mortality in the riparian zone.

Work Product

By the end of the CIP period (June 1998), a report will be finalized, describing the project methodology, analysis of results, conclusion, and recommendation for riparian management.

<div style="border: 1px solid black; padding: 2px; display: inline-block;">CP1</div>	CAPITAL PROJECTS DESCRIPTION
ADDITIONAL EXPLANATION FORM	

(10/09) CP1LOG95.WP5

AGENCY	Department of Fish and Game
DIVISION/PROGRAM	Habitat and Restoration
PROJECT	Habitat/Logging Relationships

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Summary of Line Item Costs

The following is a summary of line item costs:

<u>Line Item</u>	<u>Fiscal Year</u>				<u>Total</u>
	<u>95</u>	<u>96</u>	<u>97</u>	<u>98</u>	
100	99.2	99.2	99.2	99.2	396.8
200	1.4	1.4	1.4	1.4	5.6
300	20.4	20.4	20.4	20.4	81.6
400	2.1	2.1	2.1	2.1	8.4
<u>500</u>	<u>18.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>18.6</u>
Total	141.7	123.1	122.6	122.6	511.0

Itemization of Line Item Costs

The following is an itemization of line item costs with an indication of which costs are annual and which are one-time.

Line 100

(1) HB III	PFT	12 mo	61.1
(1) FT III	Seasonal	9 mo	29.7
(1) CT III	PFT	1 mo	2.8
(1) Biometrician I	PFT	1 mo	<u>5.6</u>
Total			99.2

Line 200

Travel and per diem

6 trips Anchorage to Juneau

1.4
Total 1.4

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Line 300

Contractual²

helicopter charter \$600/hr x 23 hrs	13.8
fixed wing charter \$250/hr x 5.5 hrs	1.4
telephone \$106 mo	1.3
xerox \$32 mo	0.3
laboratory analysis contract (1.5)	1.5
equipment rental (0.5)	0.5
photo developing	0.3
aerial photography	<u>1.3</u>
Total	20.4

Line 400²

office supplies	0.1
scientific supplies (nets etc)	0.2
film	0.1
videotapes	0.1
computer disks	0.1
field gear, hip boots, rain gear, etc.	0.3
gasoline and oil	0.3
groceries (field crew)	<u>0.9</u>
Total	2.1

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Line 500³

1 18' riverboat, 1 60hp motor with jets, 1 boat trailer	9.0
1 camera	0.2
1 electroshocker	1.5
2 thermographs	0.6
1 IBM 380 computer and software	4.0
1 light meter (photometers)	0.2
1 stream flow gauge	0.6
1 densitometer	1.5
1 relascope	<u>1.0</u>
Total	18.6

- 1 New position
- 2 Costs same for all 4 years of project
- 3 Cost for only 1 year of project

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILLS NO. HCS CSSB 310(RES)
REPORTED OUT OF
HFC

Revision Date: 5/3/94
Title: An Act relating to the management and sale of state timber
Sponsor: Senator Frank
Requestor: House Resources

Dept. Affected: Department of Fish and Game
BRU: Habitat and Restoration Division
Component: Habitat
COMPONENT SERIAL NO. 486

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	279.2	279.2	279.2*	279.2*	180.0*	180.0*
TRAVEL	1.4	1.4	1.4*	1.4*	*	*
CONTRACTUAL	20.4	20.4	20.4*	20.4*	*	*
SUPPLIES	2.1	2.1	2.1*	2.1*	*	*
EQUIPMENT	18.6	0.0	0.0*	0.0*	*	*
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	321.7	303.1	303.1*	303.1*	180.0*	180.0*
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF	321.7	303.1	303.1*	303.1*	180.0*	180.0*
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	321.7	303.1	303.1*	303.1*	180.0*	180.0*

Estimate of any current year (FY 94) cost: \$ _____

POSITIONS	FULL-TIME						
	6.5	6.5	6.5*	6.5*	2.5*	2.5*	
PART-TIME			*	*	*	*	
TEMPORARY			*	*	*	*	

ANALYSIS: (Attach a separate page if necessary)

*See attached page for assumptions.

Prepared By: Frank R. [Signature]
Division: Habitat and Restoration Division
Approved by Commissioner: [Signature]
Agency: Alaska Department of Fish and Game

Phone: 465-4105
Date: 5/3/94
Date: 5/4/94

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ANALYSIS:

The estimate of work load and potential costs for this bill is divided into two parts. Part 1 estimates costs connected with House amendments added to Section 1. These amendments apply to all state timber sales. The actual costs on the front sheet reflect these costs. Part 2 applies to the remainder of the bill dealing with Forest Management Agreements. The costs for FMA's are reflected by the asterisks on the front sheet of this note.

Part 1

Page 1, Line 6 and 12-14: This section deletes the requirement that Forest Land Use Plans be prepared before timber is sold. Planning after the timber has been sold would seem to guarantee resource conflicts and lawsuits. Also removing the requirement that the plans be based on "the immediate and long-term effects of individual and collective forest activities on the timber base and on other resources and uses" will, by itself, decrease the efficiency of the decision-making process. These two changes effectively remove planning and the public from the process of selling timber. Instead of comprehensive solutions to issues, decisions will be more contentious as they are made in isolation on an individual basis after the basic decision has been made.

Failing to look at issues before timber is sold will increase the chances that resources will be over committed and mistakes made that will be expensive to fix. The department estimates that piecemeal debates and decisions on timber harvesting issues after the timber is sold and outside the forest land use planning process will require \$180.0 for an additional two and a half biologists (one and a quarter in the Southcentral and one and a quarter in the Northern region). This staff increase also addresses the issues and costs associated with the changes on page 2, lines 2-6, described below.

Page 2, Line 2-6: This amendment removes the requirement that forest land use plans follow the same process used when developing DNR area plans. It effectively removes the public, local government, adjacent landowners and other agencies from the forest planning process. While this may save money initially

by allowing the development of forest plans in a vacuum, experience (Haines State Forest Plan and Susitna-Tyonek Timber Sale) has shown that this approach is less efficient and causes more opposition to timber sales than if interested parties are involved in the process from the beginning. We estimate that it will take additional staff to help redo forest management plans that have been rejected by the public because a failure to follow the procedures required by 38.04.065(b).

Page 3, Lines 2-5: This new language requires that the commissioner of DNR only restrict or find timber harvest and associated activities incompatible if he or she documents the finding with "sound scientific data that clearly proves" the incompatibility and the benefits of the restriction.

The \$20 million of research on fish and wildlife resources done for the Susitna Hydro Project, and our long experience in coastal forests, combined with research from outside experience, give us a good basis for management decisions in the coastal forest and the southcentral boreal forest. Under existing statutes, however, riparian areas in the boreal forest north of the Alaska Range were left as management zones in the Forest Resources and Practices Act (FRPA) because of the lack of research specific to the boreal forest.

The committee that worked on the FRPA described research it felt was necessary to support a decision on a permanent riparian standard for the boreal forest. It is the department's estimate that it will cost \$511,000 over four years to implement the committee's recommendations and better understand the role of large woody debris and other habitat functions such as temperature control in riparian areas along boreal forest streams in Alaska. The attached capital budget request explains in more detail the need and basis for the department's cost estimate.

The department is strongly committed to making management decisions based on the best available science. Given the complexity of the natural sciences, however, while we can make sound scientific judgements, it may be impossible to "clearly prove" the necessity of any restriction of timber harvest. This is true in the coastal forest or the southcentral boreal forests where we have good data, and will probably be true in the northern boreal forest riparian areas even with much more basic research.

In addition to severely weakening the riparian protections on public lands in the boreal forest and any option of restricting timber harvest to maintain other resources and uses outside of riparian areas; this provision could also impact the riparian protections in the coastal forest on public lands. On state land in the coastal forest there is a management zone between 100 and 300 feet. Under this amendment, timber harvest would now only be restricted if scientific data "clearly proves" the need for the restriction. Despite the good data on wildlife in the Susitna Valley and Southeastern, there may be a need to refine, supplement and extend the coverage of available data on the function of the 100 to 300 foot management zone throughout the coastal forest. We do not have a good estimate of the costs for this additional research if it turns out to be necessary.

Part 2

To estimate work load and potential costs of implementing FMA's in Alaska, department staff researched the use of existing FMA's on the North American continent. Staff did not find any FMA's in use in the other forty nine states. We evaluated FMA's in Canada, the experience under the two long term sale contracts in Southeast Alaska, and the proposed Mat-Su borough FMA which the timber company (Menasha) recently withdrew from. We also evaluated the unsuccessful Fiberform proposal to enter into a long term negotiated timber sale and build a plant in Fairbanks. The Department of Natural Resources has discussed the possible estimate of the scope of FMA's in Alaska under SB 310, but has not produced this estimate in written form.

SB 310 could substantially impact the way state forests and sales of state timber are managed. The purpose of the bill appears to be to make available, large long-term sources of state timber to encourage the construction of timber processing facilities (i.e., plywood plants, oriented strand board, chip board plants, etc.) in interior and southcentral Alaska. These plants require a long-term continuous supply of timber.

A typical Canadian FMA ranges from 2,000 (760 square miles) and 20,000 (7,600 square miles) square kilometers. Because of the relatively low per-acre timber volumes in the boreal forest, very large acreages can be required to meet

annual mill consumption needs. Annual cuts of 20,000 acres per year are consistent with what has occurred on FMA mill concessions within interior Canadian forests as well as the large-scale long-term timber contracts for mills in southeastern Alaska. The need for large volumes of timber is normally met through large cutting areas with mechanized equipment designed to handle small diameter logs similar to ongoing large-scale mechanized logging operations on private timber land on the Kenai Peninsula.

If SB 310 is adopted, it appears there is the potential for at least three FMAs to be negotiated; in the next five years, one in the Tanana Valley State Forest, one in the Susitna Valley, and one in the Copper River Basin, Kenai Peninsula, or Kuskokwim drainages. As mentioned above, a 36,000 acre FMA had been negotiated on Mat-Su Borough lands in the Susitna Valley, but recently fell through because the timber company withdrew.

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5. Based on information that at least two and possibly more major timber companies have been interested in the feasibility of constructing large mills in southcentral and interior Alaska to utilize low cost timber, it is assumed that they would move to submit FMA proposals. Given the current interest in using state timber to stimulate local businesses and support by the Alaska Division of Forestry, it is estimated that there could be as many as three agreements in place by 1998.

6. A single oriented-strand-board (OSB) manufacturing plant requires up to 20 million board feet (bf) of timber per year to operate. Fibreform Wood Products, Inc. 1992 corporate proposal requested up to 115 million bf annually of mixed species (equal to the total estimated volume from the Tanana Valley State Forest). [Source: Dave Wallingford (DOF) memo to Bob Dick dated July 7, 1992.]
7. Merchantable quantities of mixed species timber volumes in interior Alaska's boreal forest range between 1,200 cubic feet (4,800 bf) to 2,500 cubic feet (10,000 bf) per acre. Timber volumes in the Dawson Creek, B.C. area average 1,200 cubic feet (4,800 bf) per acre. Maximum volumes in southcentral Alaska are 3,000 cubic feet (12,000 bf); average volumes range between 2,000 cubic feet (8,000 bf) to 2,500 cubic feet (10,000 bf) per acre. [Source: Cal Kerr (American North) letter to Dave Wallingford dated July 27, 1992].
8. To support a single oriented-strand-board manufacturing plant, up to 4,167 acres (or 6.5 square miles) of interior Alaska's boreal forest must be harvested annually. Using only the highest yield forests, up to 2,000 acres (3.1 square miles) must be harvested annually.
9. To support the Fibreform proposal, up to 23,958 acres (or 37.4 square miles) of interior Alaska's boreal forest must be harvested annually. Using only the highest yield forests, up to 11,500 acres (18 square miles) must be harvested annually.
10. Once south-slope hillsides have been harvested, most remaining merchantable timber within interior Alaska's boreal forest is located within riparian corridors less than 500 feet from streams and rivers.
11. To implement our AS 16 responsibilities, maintain an appropriate field presence, and fully coordinate with DNR in the development of forest management plans, forest management agreements, and annual harvest plans, at a minimum, the annual costs detailed on the next page would be required in the region(s) in which FMAs were conducted.

Expected Annual Expenditures per Forest Management Agreement

<u>Personnel</u>	93.9
PFT Biologist III (\$5.2/mo)	62.4
PPT Fish Tech III (3.3/mo)	20.1
PPT Clerk Typist III	11.4
 <u>Travel</u>	 3.0
 <u>Contractual</u>	 4.0
 <u>Supplies</u>	 <u>2.0</u>
	102.9

PROJECT TITLE: Determination of Fish Habitat and Logging Relationships on Coastal and Inland Streams			
LOCATION: Southcentral and Interior Alaska		COMPLETION DATE: June 30, 1998	ELECTION DISTRICT: 6-16,17-21,24
PROGRAM: Natural Resources		TYPE: Planning	
FUNDING:		CAPITAL REQUEST:	OPERATING COSTS:
1002	FEDERAL RECEIPTS		
1003	GENERAL FUND MATCH		
1004	GENERAL FUND	511.0	0.0
1005	GF/PROGRAM RECEIPTS		
1006	GF/MENTAL HEALTH		
1007	INTERAGENCY RECEIPTS		
	OTHER		
TOTALS:		511.0	0.0
NEW POSITIONS (PFT):			
			4

PROJECT DESCRIPTION AND JUSTIFICATION:

Overview: The objectives of this investigative capital project are to: 1) determine the degree to which salmon and other fish populations depend on large woody debris and other associated fish habitat components along streams and rivers of Alaska's boreal forest (the primarily inland forest of white and black spruce, birch aspen, and cottonwood), 2) determine the effects that varying degrees of timber harvest along these streams and rivers are expected to have on such fish habitat components, and 3) develop specific recommendations on the widths and tree composition of riparian vegetative buffers needed to prevent significant harm to fish habitat. (Important fish habitat components in addition to large instream woody debris include stream bank stability, channel morphology, water temperatures, stream flows, water quality, adequate nutrient cycling, fish food sources, clean spawning gravels, and sunlight.)

Information derived from this project will be summarized in a document that will enable ADF&G to help ensure that fish habitat protection provisions of the state Forest Resources and Practices Act are met without unnecessary restrictions on the harvest of timber on private and state forest lands. In the absence of such information, there is a need to design riparian buffers conservatively enough that fish habitat protection can be assured. By limiting riparian habitat protection to that which is known to be necessary, the economic well being of the state will be served. The reproductive base for the state's fishing industry will be protected, and the timber industry will be allowed to operate with only those fish habitat protection requirements that are necessary.

**CAPITAL PROJECT
DESCRIPTION**

CP1

AGENCY Department of Fish and Game

FY 95

DIVISION/PROGRAM Habitat and Restoration

PROJECT Habitat/Logging Relationships

Page 1 of 7

Revised Date

Overview (continued):

The project objectives are consistent with the department's proposed FY93-95 policy budget, have the support of local communities, and are best implemented over a four-year period. Each year the project is delayed will be another year in which general rather than more specific data-based riparian habitat protection measures will need to be employed. Alternatives to CIP funding are not available.

Legislative Basis for Project

The project is needed to adequately implement the state's Forest Resources and Practices Act (FPA) amendments of 1990. The Legislature recognized the paucity of data regarding the above objectives, and for that reason the Act includes only interim standards for protecting riparian fish habitat on private land in the boreal forest. In fact, the broad-based Forest Practices Steering Committee appointed to draft the FPA amendments specifically endorsed the following study needs regarding the interaction of forestry and fish (page 12, Alaska Forest Practices Act Review: Final Report, June 1989):

- Probability of riparian leave trees providing large woody debris
- Probability of second growth timber providing large woody debris
- Depletion/recruitment rates of large woody debris for interior Alaska streams
- Information on temperature-sensitive streams throughout Alaska
- Information on the effects of winter water temperatures on fish
- Effects of second growth crown canopy closure on fish production
- Characteristics of forest stands next to streams (age, size, volume, species, etc.)

Conduct of the Project

The proposed project is to be conducted by ADF&G Habitat and Restoration Division staff and is expected to be funded entirely with state funds. The project is proposed for four years because, in collecting biological data, it is unlikely that any single given year will be typical in terms of long-term average weather conditions. A particular summer or winter may, for instance, be unusually hot or cold, thereby resulting in data that do not represent longer term trends. A four-year project will better approximate long-term weather and related conditions. It will also allow several months to analyze the data and develop meaningful recommendations on riparian management alternatives for protecting fish habitat.

CP1	CAPITAL PROJECTS DESCRIPTION
ADDITIONAL EXPLANATION FORM	

AGENCY	Department of Fish and Game
DIVISION/PROGRAM	Habitat and Restoration
PROJECT	Habitat/Logging Relationships

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Revised Date

FY 95

Primary Beneficiaries of the Project

The results of this project will significantly help those Alaskans who directly or indirectly benefit from the commercial, subsistence, or sport harvest of salmon and other fish species originating in freshwater systems of the boreal forest. These results will be useful throughout the boreal forest, especially in the southcentral region of the state where there is considerable interest on the part of the wood products industry in the large-scale harvest of forested land that has not previously been subject to intensive human disturbance.

Freshwater systems of the boreal forest make a significant contribution to Alaska's valuable commercial, subsistence, and recreational fisheries. For example, the annual ex-vessel value (direct value to commercial fishers) of salmon reared in freshwater habitat of Cook Inlet's boreal forest is approximately \$200 million. This does not include the multiplier effect as these dollars work their way through the economy by way of onshore processing, transportation, and the various service sectors. A recent Jones and Stokes report indicates that for southcentral Alaska alone, angler expenditures totaled \$127.1 million in 1986, directly supporting 2,178 in-state jobs in sport-fishing-related businesses. In addition to these market effects, there is an estimated \$276.8 million in surplus values from participation in southcentral sport fishing; this represents the additional amount that anglers would be willing to pay to ensure the availability of sport fishing opportunities in the region. Commercial, sport, and subsistence fisheries values are also important north of the Alaska Range.

The project will also directly benefit those involved in the timber industry by producing riparian management strategies that will provide enough riparian vegetation to protect fish habitat components without unduly constraining timber harvest opportunities. In the absence of information resulting from this project, biological recommendations will necessarily be more conservative in their protection of fish habitat values.

Other Beneficiaries of the Project

The project will also significantly benefit those citizens engaged in or affected by resident or non-resident use of wildlife. First, to the extent that certain predators or scavengers such as bears, wolves, eagles, and furbearers depend on salmon as a food source, their population levels and vigor will reflect the size and vigor of salmon populations protected by sound riparian management strategies. Second, to the extent that vegetation is left along streams and rivers to protect fish habitat, it will provide other habitat values for predators and for non-predators such as moose which traditionally occupy riparian habitat during portions of their life cycles.

Wildlife are very important to the state's economy, both in attracting out-of-state visitors and in maintaining a quality of life that attracts and helps to retain a large percentage of its residents.

CP1

CAPITAL PROJECTS
DESCRIPTION

ADDITIONAL EXPLANATION FORM

AGENCY Department of Fish and Game

DIVISION/PROGRAM Habitat and Restoration

PROJECT Habitat/Logging Relationships

FY 95

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Revised Date

Further Biological Basis for the Project

In helping to develop the riparian management standards that are included in the state's Forest Resources and Practices Act for Alaska's coastal rain forest of western hemlock and Sitka spruce, the department based its recommendations on research data from the National Marine Fisheries Service (NMFS) laboratory at Auke Bay. These data demonstrate the contribution that the roots of streamside trees make to stream channel stability and the value of fallen trees in providing the pools and riffles that are so essential in providing spawning and rearing habitat for juvenile salmon. The NMFS data also helped to indicate the importance of other associated fish habitat components.

Similar research has not been conducted in Alaska's boreal forest and is essential for the protection of freshwater, salmon producing systems in that forest type. This project is intended to provide needed information on streams and rivers of all sizes, including those the size of Campbell Creek in Anchorage and less stable, large braided rivers the size of the Susitna, Yentna, Tanana, and Yukon. The role that large woody debris and other fish habitat components play will vary considerably over such a wide range of stream and river types, and it is necessary to develop a study plan that includes a statistically valid sampling design that will ensure that the project produces meaningful results for these various types. In the larger systems, for example, it may be found that tree species such as cottonwood and birch serve an important function in anchoring river banks in braided channels. If adequate numbers of such trees are not retained along river banks, channels may shift more rapidly than if left in an undisturbed condition. This would likely result in less stable salmon spawning and rearing habitat and reduced fish production.

Large woody debris also plays an important role in plugging the upstream ends of sloughs, creating clearwater spawning and rearing habitat in otherwise turbid glacial waters. Standing trees need to be available to provide sources of future instream woody debris for these sloughs. Temperature studies conducted in the Pacific Northwest, including Oregon, Washington, Vancouver Island, and southeast Alaska, have indicated that removal of the tree crown canopy over streams can result in summer stream temperatures that are high enough to cause stress and suffocation of fish. Temperatures in southcentral Alaska are often higher than in the maritime climate of the coastal forest, and water temperatures may reach critically high levels. A result of this study will be to determine the degree to which these conditions occur and the effects that various riparian tree removal scenarios can be expected to have on salmon habitat productivity. Severe winter temperatures can also cause fish mortality, and the study is intended to reveal the degree to which tree canopy cover and the snow that is intercepted by downed trees lying across streams moderate extremely low temperatures.

The study will also reveal the degree to which the return of riparian vegetation following timber harvest is likely to provide stream shading for fish. This will be possible by studying streams that have been previously logged and possibly by examining streams where fire has had an effect similar to timber harvest in causing tree mortality in the riparian zone.

Work Product

By the end of the CIP period (June 1998), a report will be finalized, describing the project methodology, analysis of results, conclusion, and recommendation for riparian management.

CP1	CAPITAL PROJECTS DESCRIPTION
ADDITIONAL EXPLANATION FORM	

AGENCY Department of Fish and Game

DIVISION/PROGRAM Habitat and Restoration

PROJECT Habitat/Logging Relationships

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Revised Date

Summary of Line Item Costs

The following is a summary of line item costs:

Line Item	<u>Fiscal Year</u>				<u>Total</u>
	<u>95</u>	<u>96</u>	<u>97</u>	<u>98</u>	
100	99.2	99.2	99.2	99.2	396.8
200	1.4	1.4	1.4	1.4	5.6
300	20.4	20.4	20.4	20.4	81.6
400	2.1	2.1	2.1	2.1	8.4
500	<u>18.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>18.6</u>
Total	141.7	123.1	122.6	122.6	511.0

Itemization of Line Item Costs

The following is an itemization of line item costs with an indication of which costs are annual and which are one-time.

Line 100

(1) HB III	PFT	12 mo	61.1
(1) FT III	Seasonal	9 mo	29.7
(1) CT III	PFT	1 mo	2.8
(1) Biometrician I	PFT	1 mo	<u>5.6</u>
Total			99.2

Line 200

Travel and per diem

6 trips Anchorage to Juneau	<u>1.4</u>
Total	1.4

CPI CAPITAL PROJECTS DESCRIPTION

ADDITIONAL EXPLANATION FORM

AGENCY Department of Fish and Game

DIVISION/PROGRAM Habitat and Restoration

PROJECT Habitat/Logging Relationships

FY 95

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Revised Date

Line 300

Contractual²

helicopter charter \$600/hr x 23 hrs	13.8
fixed wing charter \$250/hr x 5.5 hrs	1.4
telephone \$106 mo	1.3
xerox \$32 mo	0.3
laboratory analysis contract (1.5)	1.5
equipment rental (0.5)	0.5
photo developing	0.3
aerial photography	<u>1.3</u>
Total	20.4

Line 400²

office supplies	0.1
scientific supplies (nets etc)	0.2
film	0.1
videotapes	0.1
computer disks	0.1
field gear, hip boots, rain gear, etc.	0.3
gasoline and oil	0.3
groceries (field crew)	<u>0.9</u>
Total	2.1

CP1

CAPITAL PROJECTS
DESCRIPTION

ADDITIONAL EXPLANATION FORM

AGENCY Department of Fish and Game

DIVISION/PROGRAM Habitat and Restoration

PROJECT Habitat/Logging Relationships

FY 95

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Revised Date

Line 500³

1 18' riverboat, 1 60hp motor with jets, 1 boat trailer	9.0
1 camera	0.2
1 electroshocker	1.5
2 thermographs	0.6
1 IBM 380 computer and software	4.0
1 light meter (photometer)	0.2
1 stream flow gauge	0.6
1 densitometer	1.5
1 relascope	<u>1.0</u>
Total	18.6

1 New position
2 Costs same for all 4 years of project
3 Cost for only 1 year of project

CP1

CAPITAL PROJECTS
DESCRIPTION

ADDITIONAL EXPLANATION FORM

(10709) CPTLOG95.WP5

AGENCY Department of Fish and Game

DIVISION/PROGRAM Habitat and Restoration

PROJECT Habitat/Logging Relationships

FY 95

Page 7 of 7

Revised Date

REPORTED OUT OF
HFC CS 310 (2FS)
FISCAL NOTE
BILL NO. ~~SB 310~~

STATE OF ALASKA
1994 LEGISLATIVE SESSION

Revision Date: _____
Title: An Act relating to the management and sale
of state timber
Sponsor: Senator Frank
Requestor: _____

Dept. Affected: Department of Fish and Game
BRU: Habitat and Restoration Division
Component: Habitat
COMPONENT SERIAL NO. 486

Expenditures/Revenues	(Thousands of Dollars)					
	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
OPERATING EXPENDITURES						
PERSONAL SERVICES	0	0	.	.	.	.
TRAVEL	0	0	.	.	.	.
CONTRACTUAL	0	0	.	.	.	.
SUPPLIES	0	0	.	.	.	.
EQUIPMENT	0	0	.	.	.	.
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	.	.	.	.
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE	(Thousands of Dollars)					
	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
1002 Federal Receipts						
1003 GF Match						
1004 GF	0	0	.	.	.	.
1005 GF/Program Receipts						
1006 GF/MHTLA						
Other						
TOTAL	0	0	.	.	.	.

Estimate of any current year (FY 94) cost: \$ _____

POSITIONS

	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
FULL-TIME		
PART-TIME		
TEMPORARY		

ANALYSIS: (Attach a separate page if necessary)

*See attached page for assumptions.

Prepared By: Frank Rue
Division: Habitat and Restoration Division
Approved by Commissioner: [Signature]
Agency: Alaska Department of Fish and Game

Phone: 465-4105
Date: 3/30/94
Date: 2/2/94

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ANALYSIS: (continued)

Department staff contacted Canadian provincial foresters and biologists regarding the Canadian experience with FMAs prior to preparing this analysis and fiscal note. SB 310 would substantially change the way state forests and sales of state timber are managed. The purpose of the bill appears to be to make available, very large long-term source of state timber to justify the construction of moderate to large scale timber processing facilities (i.e., plywood plants, oriented strand board, chip board plants, etc.) in interior and southcentral Alaska. These plants will require a high volume, long-term, continuous supply of timber. A typical Canadian FMA ranges from 760 square miles to 7,600 square miles. Because of the relatively low per-acre timber volumes in the boreal forest, very large acreages will have to be logged annually to meet mill consumption needs. Annual cuts of 20,000 acres per year would be consistent with what occurred on FMA mill concessions within interior Canadian forests as well as the large-scale long-term timber contracts for mills in southeastern Alaska. The need for large volumes of timber will have to be met through very large cutting areas with mechanized equipment designed to handle small diameter logs similar to ongoing large-scale mechanized logging operations on private timber land on the Kenai Peninsula.

A 36,000 acre FMA has already been negotiated on Mat-Su Borough lands in the Susitna Valley. If SB 310 is adopted, we believe that over the next five years, there are possibilities of FMAs in the Tanana Valley State Forest, the Susitna Valley, and in the Copper River Basin, Kenai Peninsula, or Kuskokwim drainages. Because the purpose of FMAs is to make a very large quantity of state timber available for logging in as short a period as possible to promote economic development, FMAs will greatly increase the annual cut in the areas of the state where they occur. This means more fish and wildlife habitat will be affected and more Title 16 reviews and forest practices inspections will be required if impacts to fish and wildlife habitat and production are to be minimized. Because pre-sale planning and pre-contract reviews will be greatly curtailed or eliminated under SB 310, many impacts which would have formerly been addressed in the pre-sale planning process, will have to be address in annual plans and in the field. This will necessitate increase reliance on annual plan reviews and field monitoring and enforcement to protect anadromous fish habitat and wildlife habitat. Trying to resolve resource conflicts with the FMA concessionaire is expected to be much more difficult because of the costs to the concessionaire. This would require a increase in ADF&G field staff to meet statutory responsibilities under Title 16 and Title 41. Because of the large size of FMAs and likely accelerated harvest, a Habitat Biologist, a Fisheries Tech III or Fish and Wildlife Tech IV, and some clerical support would be required as each new FMA is developed and comes on line. The technician would be important for surveying streams ahead of the cutters (i.e., 20,000 acres per year), marking stream buffers, and monitoring harvest.

Other assumptions we used in developing our fiscal note are:

1. The promise of cheap, long-term timber supplies will attract very large companies and plants which will need to consume very large quantities of timber. Examples include the Ketchikan and Sitka pulp mills, and the 1993 36,000 acre Mat-Su Borough FMA.

2. Because of the large scale and rapidity at which timber will be cut, and the fact that the FMA structure will make it more difficult to get meaningful fish and wildlife protection built into the sale agreements, more biologists will be required to review operating plans, negotiate ground rules, and to monitor operations in the field. Based on the Canadian experience, at least one staff biologist should be assigned full-time to monitor each FMA exceeding 500,000 acres (780 square miles).
3. The number of U.S. Forest Service (USFS) biologists working on a long-term, large-scale contract, such as the L&P Tongass contract, would probably be a good indicator of the amount of biological work required for a similar state FMA. As many as 23 USFS biologists may work on layout and monitoring operations on long-term timber contracts in the Sitka Ranger District alone.
4. Experience with Canadian FMAs indicates that one of the major problems is that government does not monitor FMA operations closely enough and is so slow in detecting violations that they often become large problems. Once problems have been identified, they have been slow in enforcing the terms of the agreement or environmental regulations. The State of Alaska needs to avoid this problem by having staff biologists monitoring operations in the field.
5. Based on information that at least two and possibly more major timber companies have been interested in the feasibility of constructing large mills in southcentral and interior Alaska to utilize cheap Alaskan timber it is assumed that they would move quickly to submit FMA proposals. Given the current interest in using state timber to stimulate local businesses and support by the Alaska Division of Forestry, it is estimated that there could be as many as three agreements in place by 1998.
6. A single oriented-strand-board (OSB) manufacturing plant requires up to 20 million board feet (bf) of timber per year to operate. Fibreform Wood Products, Inc. 1992 corporate proposal requested up to 115 million bf annually of mixed species (equal to the total estimated volume from the Tanana Valley State Forest). [Source: Dave Wallingford (DOF) memo to Bob Dick dated July 7, 1992.]
7. Merchantable quantities of mixed species timber volumes in interior Alaska's boreal forest range between 1,200 cubic feet (4,800 bf) to 2,500 cubic feet (10,000 bf) per acre. Timber volumes in the Dawson Creek, B.C. area average 1,200 cubic feet (4,800 bf) per acre. Maximum volumes in southcentral Alaska are 3,000 cubic feet (12,000 bf); average volumes range between 2,000 cubic feet (8,000 bf) to 2,500 cubic feet (10,000 bf) per acre. [Source: Cal Kerr (American North) letter to Dave Wallingford dated July 27, 1992].
8. To support a single oriented-strand-board manufacturing plant, up to 4,167 acres (or 5.5 square miles) of interior Alaska's boreal forest would have to be harvested annually. Using only the highest yield forests, up to 2,000 acres (3.1 square miles) would have to be harvested annually.

9. To support the Fibreform proposal, up to 23,958 acres (or 37.4 square miles) of interior Alaska' boreal forest would have to be harvested annually. Using only the highest yield foerests, up to 11,500 acres (18 square miles) must be harvested annually.
10. Once south-slope hillsides have been harvested, most remaining merchantable timber within interior Alaska's boreal forest is located within riparian corridors less than 500 feet from streams and rivers.
11. To implement our AS 16 responsibilities, maintain an appropriate field presence, and fully coordinate with ADNR in the development of forest management plans, forest management agreements, and annual harvest plans, at a minimum, the annual costs detailed on the next page would be required in the region(s) in which FMAs were conducted.

Expected Annual Expenditures per Forest Management Agreement

<u>Personnel</u>		93.9
	PFT HBIII (\$5.2/mo)	62.4
	PPT Fish.Tech.III (\$3.3/mo)	20.1
	PPT Clerk Typist III (\$1.9/mo)	11.4
<u>Travel</u>		3.0
<u>Contractual</u>		4.0
<u>Supplies</u>		<u>2.0</u>
		102.9

*Not adjusted for annual inflation

FISCAL NOTE
REPORTED OUT OF
 HFC
 (S) Publish Date: 3-30-94

STATE OF ALASKA
 1994 LEGISLATIVE SESSION

Revision Date: Original
 Title: "An Act relating to the management and sale of
state timber; relating to the classification of state land..."
 Sponsor: Senator Frank
 Requestor: Senator Frank

Dept Affected: Natural Resources
 BRU: Resource Development
 Component: Forest Management and Development
 Component Serial No. 435

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) cost: \$ None

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

There is no incremental cost expected to the Department of Natural Resources.

Changes in SSB 310 (R2)
 have no fiscal impact. This
 fiscal note is appropriate.

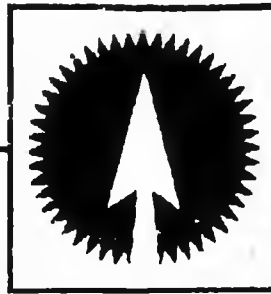
3-29-94 date CS Comptroller (initial)

Prepared by: Tomas H. Boutin, Director
 Division: Forestry
 Approved by Commissioner: Harry A. Noah
 Agency: Natural Resources

Phone: 465-3379
 Date: 2-Mar-94
 Date: 2-Mar-94

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Alaska Forest Association, Inc.



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KETCHIKAN, ALASKA 99901-8508
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**POSITION STATEMENT IN FAVOR OF SB 310
BY THE ALASKA FOREST ASSOCIATION
APRIL 15, 1994**

The Alaska Forest Association is in full support of SB310. AFA realizes that many misconceptions have been circulated regarding this proposed legislation. We feel SB310 addresses public concern regarding the sound management of our forests, strengthens the State's ability to manage its forest lands and is good for people.

SB310 will allow the Department of Natural Resources to:

1. Respond to forest health problems by allowing for limited emergency timber sales and stopping serious epidemics before they become unmanagable.
2. Enter into important Forest Management Agreements which will allow for careful management of State forest lands and bring positive returns to the State Treasury by managing its timber resources.
3. Manage under the principals of sustained yield harvest on State forest lands to provide jobs and forests in perpetuity.
4. Allow for important public input.
5. Create year around, family wage jobs in regions of the State which are experiencing high levels of unemployment.

SB310 will not:

1. Result in damage to forests, wildlife or traditional uses.
2. Change any of the requirements of the Alaska Forest Practices Act which protect important forest resources. In particular, SB310 will not change riparian buffer requirements, reforestation or best management practices.

AFA supports SB310 as an example of proactive State management of our forests. We thank the sponsors and members of this Committee for working diligently to make this legislation a reality for the benefit of all Alaskans.



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

Phone: 907-463-3366

Fax: 907-463-3312

Long-Term Contracts and Forest Management Agreements Would Cost Alaska Money and Lock Up Natural Resources

SB 310 mandates long-term contracts for up to 20 years, with an option to renew for another 20 years. Long-term contracts, also called Forest Management Agreements (FMA's), would make timber harvest the priority on state forested lands, elevating timber over fisheries, wildlife, subsistence, tourism, and recreation values.

Long-term timber contracts are likely to have negative impacts on Alaska's economy and natural resources. **The Alaska Environmental Lobby opposes SB 310 and the long-term contracts authorized in this legislation.**

Long-Term contracts are unhealthy for Alaska's pocket book

*If new markets offer higher economic gain in future years, Alaska would be locked into "yesterday's market." Long-term contracts prevent Alaska's timber industry from adapting and competing in world markets.

*The state could lose huge amounts of money on infrastructure such as terminals, transportation facilities and logging roads. For example, the state lost more than eight million dollars in road credits, facility loans, management costs and other subsidies for a Haines long-term contract. The contract was canceled in less than seven years.

Long-term contracts lock out future knowledge

*Facts change: Often there is less timber available than originally calculated. Inventories that appear scientifically correct have been found to be in error 10 or 20 years later.

*The state may have to honor original contract levels even if it is found that a company is harvesting above sustainable yield levels or harming fish and wildlife habitat or other uses.

*Public values change over time and generations. 20-year contracts prevent future Alaskans from deciding how lands should be used.

Timber supply problems to fulfill long-term contracts may occur

*Hunting, fishing, subsistence, tourism and recreational uses may be sacrificed to meet harvest targets outlined in a legal contract.

*Because of new information, specific areas may be needed for critical habitat, subsistence, or recreational uses. But this may be ignored because of timber supply obligations.

*Forest fires decrease available timber, but contract volume would still need to be met.

OVER

Long-term contracts and mills may endanger Alaskan communities economically and environmentally

- *Statistics show that about 40% of Alaska's wood industry workers are out-of-state residents. Their use of municipal services is expensive and not recovered through taxes.
- *Small timber operators who often supply local lumber very often cannot compete with holders of long term contracts.
- *Commercial hunting, fishing and tourism industries as well as subsistence and recreational pursuits may be damaged by prioritizing timber.
- *There are many serious environmental hazards associated with lumber and pulp plants including air and water pollution. Sound and smell pollution can be irritating to residents.
- *Costs to the state and municipalities can be high for monitoring, waste disposal, and pollution clean-up.
- *In the Interior, a large mill's air emissions would add to already serious air pollution caused by winter temperature inversions.

The fox should not be in charge of the hen house.

Industry should not manage state lands.

- *Forest Management Agreements (FMA's) would allow industry to manage forest areas where they are contracted to cut.
- *While private industry's bottom line goal is profit, DNR's mandated goal is to manage lands for the public interest and for multiple uses. DNR must manage our public lands.

What are the alternatives to long-term contracts?

Maintain current timber sale length of three to five years.

- * This length allows DNR to update contracts as social values, economic situations, and biological information change.
- *With accurate field data and an assessment of all multiple uses, DNR can ascertain a reliable sustained yield harvest and make timber available for competitive bid.
- *Then there can be reasonable certainty that interested purchasers will have a steady supply of timber to bid on at fair market value, without locking up resources for 20 years and without locking out other interested timber purchasers.
- *Short-term sales mean that companies must compete regularly with other operators, and may encourage them to be better "corporate neighbors." Long-term contracts insulate companies from community concerns, while short-term sales mean businesses must maintain high quality relationships with regulatory agencies and the public.

Encourage locally owned, value-added forest industries.

- *Value-added timber industries produce the most worker hours and higher wages.
- *Numerous small companies making diverse products create a stronger economy by spreading resources among locals committed to the community. Diverse products help buffer the community from changes in specific markets.
- *In our free market society, industries often must compete openly for resources and market shares. Long-term timber contracts eliminate this competition.

3/14/94



UNITED FISHERMEN OF ALASKA

April 27, 1994

211 Fourth Street, Suite 112
Juneau, Alaska 99801
907/586-2820
Fax: 907/463-2545

The Honorable Ron Larson and Eileen MacLean, Co-Chairs
and Members of the House Finance Committee
Alaska State House of Representatives
The Capitol Building
Juneau, Alaska 99801-1182

Dear Co-Chairs Larson and MacLean and Committee Members:

United Fishermen of Alaska (UFA) would like to bring to your attention that SB 310 now goes beyond establishing Forest Management Agreements and into making substantial modifications to the State Forest Practices Act. This bill (1) reduces the intent to manage state and municipal forests for multiple uses; (2) weakens the forest planning and review process; and, (3) alters the requirement for reforestation on private land. These changes represent substantial changes to the State Forest Practices Act. Furthermore, they come at a time when the Board of Forestry (the Board established to resolve issues relevant to the forest resources of the state) just recently acknowledged that the State Forest Practices Act is working fairly well and as a consensus negotiation product does not need to be altered at this time. It should also be noted that the Board of Forestry did not have a chance as a Board to review and comment on SB 310 specifically.

UFA was a key player in the two years of negotiations that led to the State Forest Practices Act. We also played a pivotal role in the passage of the Act. And in being true to the consensus process then and the review process of the Board of Forestry as stipulated in AS 41.17.047, we *strongly urge* you to delete all sections of SB 310 that alter the Forest Practices Act. Now is not the time to refuel the heated battles that led to the State Forest Practices Act. SB 310 is the thread that if tugged will unravel the goodwill and the consensus foundation of the State Forest Practices Act.

For your reference, I am enclosing a copy of an amendment which would have deleted those sections altering the State Forest Practices Act. A similar amendment was supported by Representatives Finkelstein and Davies in the House Resources Committee. While this letter focuses on the State Forest Practices Act implications, UFA still objects to forest management agreements as noted in earlier correspondence.

Sincerely,

Jerry McCune
President

Enclosures

cc: Bill Thomas

MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Longline Fishermen's Association • Alaska Trollers Association • Area K Seiners Association
Bering Sea Fishermen's Association • Bristol Bay Driftnetters Association • Concerned Area "M" Fishermen
Cook Inlet Aquaculture Association • Cordova District Fishermen United • Kenai Peninsula Fishermen's Association
North Pacific Fisheries Association • Northern Southeast Regional Aquaculture Association • Peninsula Marketing Association
Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association
Seafood Producers Cooperative • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Cook Inlet Drift Association • Western Alaska Cooperative Marketing Association

Sections Altering State Forest Practices Act
Maintains Forest Management Agreements

Page 1, line 4, through page 3, line 12.

Delete all material

Page 3, line 13.

Delete "*Sec. 3."

Insert "*Section 1."

Page 8, line 29, through page 10, line 13.

Delete all material.

Page 10, line 18.

Delete all material.



UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 112
Juneau, Alaska 99801
907/586-2820
Fax: 907/463-2545

March 16, 1994

The Honorable Mike Miller, Chair
and Members of the Senate
Resources Committee
The Capitol Building
Juneau, Alaska 99801

Dear Chairman Miller and Committee Members:

UFA opposes SB 310 regarding State/Private/Municipal Timber Operation/Sales.

One of UFA's main concerns with this legislation is that it would reduce multiple-use intent on State lands and undermine the State Forest Practice Act.

The legislation would make other users (subsistence, hunting, fishing, tourism, and recreation) secondary to large timber development.

Long-term Contracts. Timelines of 20-year timber cutting contracts and 20-year extensions is nothing more than a give away of public resources. Many changes in policy and uses can change in a 20-year span of time and severely weaken existing provisions for public and agency review. Forest land use plans, the Forest Practices Act, and other public forms need to be continued because they will have a stake in our future uses of all land of the State of Alaska.

Sincerely,


Jerry McCune
UFA President & Lobbyist

MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Longline Fishermen's Association • Alaska Trollers Association • Area K Seiners Association
Bering Sea Fishermen's Association • Bristol Bay Drillnetters Association • Concerned Area "M" Fishermen
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United Cook Inlet Drift Association • Western Alaska Cooperative Marketing Association



ALASKA OUTDOOR COUNCIL

2932 C Street, Suite B
Anchorage, Alaska 99503
(907) 563-4AOC
FAX: (907) 561-0800

April 12, 1994

The Honorable William K. Williams, Chairman
House Natural Resources Committee
Alaska State Legislature
State Capitol MS 3100
Juneau, AK 99801-1182

Dear Representative Williams:

The Alaska Outdoor Council, at its annual meeting April 10, 1994 voted to support passage of CSSB310 (Res), "An Act relating to the management and sale of state timber and relating to administration of forest lands."

Because of its dedication to sound scientific management of fish, wildlife and habitats and public use of public resources, the Outdoor Council followed development of this bill with great interest. The original bill raised substantive concerns regarding relations of timber use to overall forest management and use, including fish, wildlife and habitat management, public access, the broad spectrum of public uses, and the opportunity for public input.

Those concerns have been addressed through extensive amendments by Senator Frank and his staff. By requiring that forest management agreements must be consistent with land use and/or forest management plans, the appropriate order of planning has been restored. Throughout the bill explicit recognition of the importance of providing for sound fish and wildlife management and for forest uses besides commercial timber production have been included. Appropriate opportunities for public input on forest management agreements have been added to existing public input provisions.

The Alaska Outdoor Council believes that CSSB310 (Res) meets the standards of providing for sound, scientific management of forests and related resources, and for appropriate public uses of forests. With appropriate public and agency cooperation in devising forest management plans, habitat quantity and quality enhancement may be improved by provisions of the amended bill.

We urge you to support and pass this bill.

Sincerely,

Richard H. Bishop, Acting President

cc: Senator Steve Frank
Commissioner Carl Rosier
Commissioner Harry Noah

MAY-04-94 WED 01:29 PM MAGIC CARPET 907 479 2433 P.02

We the undersigned citizens of Alaska oppose Senate Bill 310.

- SB310 allows state forestry officials to sign long term timber contracts with timber companies. Long term contracts have proven unsustainable everywhere they are practiced.
- SB310 allows for clear cut practices on State forested land. Clear cutting on State land violates the multiple-use and sustainability clauses of the State Constitution. Clear cutting fosters a boom and bust cycle of development. Clear cutting destroys forests and eventually puts people out of work.
- This bill does not allow public review of final contract sales of Alaska's forest resources.
- SB310 does not require that any portion of these contracts be made with local, small scale forest products businesses. Local, small businesses cannot compete without mega corporations based outside Alaska.
- SB310 does not require the cost of development be carried by the industry. Therefore, to implement these contracts, the State of Alaska would spend money to build roads and infrastructure, solicit and manage the contracts, and oversee environmental and other studies and compliance by the industry. SB310 does not provide any suggestions as to where this money will come from. Therefore our forests could be developed at a loss to the state. This amounts to governmental subsidies of the industry.
- SB310 does not require that processing of the timber be completed in the State. Therefore, the timber could be exported for processing, at a loss of jobs to Alaskans. This bill does not require local hire.
- SB310 was introduced by Senator Steve Frank, (R), Fairbanks. It was created without the input of many of the regional and state-wide groups organized to research and propose sensible management of Alaska's forests.

We recommend that the House of Representatives of the State of Alaska reject Senate Bill 310.

Further we recommend that the Legislature help communities, businesses and citizens draft forest development plans for the future. We request that the Legislature bind agencies and lawmakers to the spirit, intent and recommendations of these balanced and consensus-driven advisory panels.

These plans should:

- (1) Require public review prior to and throughout the contract period.
- (2) Require that Alaska's forest resources be managed equally among all interests.
Specifically, require that the income generated from and the interests of the visitor industry be considered before that industry's resource (intact wilderness) is damaged by timber development.
Further, require that the voices of subsistence and recreational users are heeded.
- (3) Require that some development be contracted only to local businesses.
- (4) Require that the industry pay for all costs associated with development, administration and oversight of the contracts.
- (5) Disallow export of unprocessed timber resources.
- (6) Require value-added processing industries in state, in the regions of development, most of which must be locally owned.
- (7) Require local hire.

Oppose SB310 Petition continued from previous page

Oppose SB310 Petition continued on next page

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF ECONOMIC DEVELOPMENT

P.O. BOX 110804
JUNEAU, ALASKA 99811-0804
PHONE: (907) 465-2017

DISCUSSION PAPER FOR SB-310

MAY 3, 1994

FROM: C.H. GATES, DIRECTOR
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
DIVISION OF ECONOMIC DEVELOPMENT

RE: ADDITIONAL BRIEFING ITEMS REGARDING FOREST MANAGEMENT
AGREEMENTS:

The Constitution of the State of Alaska compels the proper and responsible development of our renewable forests. Additionally, this legislature and current state administration have seen fit to take concrete actions to encourage the creation of new jobs and economic activity in our state.

The Department of Natural Resources, Division of Forestry, and the Department of Commerce and Economic Development, Division of Economic Development, after satisfactorily addressing the concerns of the Department of Fish and Game, are proud to present a tool that can assist the state to both properly develop its renewable forest, while at the same time creating valuable jobs and economic activity in a time of need to many unemployed Alaskans. That tool is the current version of SB-310. Our reasons for recommending it to you include:

Senate Bill - 310:

PROVIDES BETTER MANAGEMENT OF THE SET OF RESOURCES FOUND IN STATE FORESTS:

THE SOUTHEAST EXPERIENCE SHOWS THE ABILITY OF REASONABLE PEOPLE TO ADDRESS THE MULTITUDE OF INTERESTS CONTAINED IN OUR FORESTS.

WE CAN HAVE GOOD TOURISM, HABITAT MANAGEMENT, RECREATION, HUNTING AND FISHING, MINING, WILDERNESS EXPERIENCES, ETC, AND HAVE A HEALTHY FOREST PRODUCTS INDUSTRY AT THE SAME TIME. HAVING A REAL PROPOSAL ON THE TABLE ALL PARTICIPANTS TO UNDERSTAND THE DETAILS OF A PARTICULAR DEVELOPMENT SITUATION BEFORE RESPONDING TO "WHAT-IF", OR IMAGINARY DEVELOPMENT SCENARIOS.

PROVIDES BETTER MANAGEMENT OF THE FOREST PRODUCTS INDUSTRY:

SB-310 ALLOWS THE STATE TO MANAGE "BY EXCEPTION" RATHER THAN HAVING TO ANTICIPATE AND CREATE ALL ASPECTS OF A TIMBER SALE. WHERE NOW ALASKAN STATE FORESTERS MUST ANTICIPATE ALL CONCERNS (AND FREQUENTLY FAIL); THE NEW LAW WOULD PLACE THAT BURDEN ON THE FMA PROPOSER, WITH THE STATE JUST CRITIQUING THEIR PLAN. THIS WOULD RESULT IN A MUCH MORE EFFICIENT USE OF LIMITED STATE DOLLARS THAN OUR CURRENT PROGRAM.

PROVIDES A BETTER CHANCE TO ENCOURAGE OUTSIDE INVESTMENT IN VALUE-ADDED TIMBER PROCESSING IN ALASKA:

THE PRINCE GEORGE, BRITISH COLUMBIA EXPERIENCE:

TOWN OFFICIALS CATEGORICALLY DECLARE THAT THEY COULD NOT HAVE THE BENEFIT OF A MAJOR FOREST PRODUCTS INDUSTRY WITHOUT LONG TERM NEGOTIATED CONTRACTS GUARANTEEING A SOURCE OF SUPPLY FOR THE MILLS.

THE FOREST PRODUCTS INDUSTRY FORMS THE ECONOMIC/SOCIAL AND CULTURAL FOUNDATION FOR A CITY THE SIZE OF FAIRBANKS

- DIRECT FOREST PRODUCT EMPLOYMENT APPROX. +9,000 FULL TIME, YEAR-ROUND JOBS
- INDIRECT EMPLOYMENT +9000 JOBS
 - 2 NEWSPRINT PLANTS
 - 18 VALUE ADDED PLANTS - FURNITURE, MOLDINGS, DOORJAM AND OTHER PLANTS
 - 3 PULP PLANTS
 - 16 SAWMILLS
- PRIMARY SOURCE OF LOG IS FROM CUTS THAT BEST MANAGE THE SPREAD OF SPRUCE BARK BEETLE INFESTATION IN THE AREA. CAREFULLY MANAGED BY THE B.C. FOREST SERVICE.
- SUBSTANTIALLY IMPROVES RECREATIONAL, HUNTING AND FISHING ACCESS FOR THE PEOPLE OF CENTRAL BRITISH COLUMBIA.
- WHEN ALL THE DUST HAS SETTLED, THE OBVIOUS SUCCESS OF PRINCE GEORGE'S EXPERIENCE WITH LONG TERM CONTRACTS, AND THE THOUSANDS OF JOBS THAT HAVE BEEN CREATED THROUGH PROPER FOREST MANAGEMENT PRINCIPALS, STANDS AS AN EXAMPLE OF THE BENEFITS OF HAVING SUCH A USEFUL TOOL. AND OF USING IT WELL. IT IS HARD TO IGNORE THE THOUSANDS OF PEOPLE ACTUALLY WORKING IN PRINCE GEORGE, B.C. WHO WOULDN'T BE WORKING - BUT FOR- NEGOTIATED, LONG-TERM CONTRACTS.

PROVIDES A BETTER CHANCE TO REDUCE WHOLE LOG EXPORTS FROM ALASKA:

WHILE THE STATE CAN NOT PASS LAWS TO PROHIBIT WHOLE LOG EXPORTS DUE TO A 1980 SUPREME COURT DECISION, IT CAN CHOOSE NOT TO ENTER INTO FOREST MANAGEMENT AGREEMENTS WITH COMPANIES THAT DO NOT GIVE THE STATE SUFFICIENT REASON TO DO SO. THE STATE IS CERTAINLY NOT COMPELLED TO ENTER INTO A BAD DEAL FOR ITS CITIZENS. THE "MIX" OF INDUCEMENTS TO THE STATE THAT MAY PRODUCE FAVORABLE RESULTS FOR AN FMA PROPOSER WILL LIKELY INCLUDE GOOD STUMPAGE PRICES, ASSURANCES OF IN-STATE VALUE ADDED PROCESSING, OR MBE/DBE JOB PREFERENCE GOALS, OR COMMITMENTS TO "BUY ALASKA", OR COMMITMENTS TO USE LOCAL LABOR SUPPLY SOURCES, OR ANY NUMBER OF CONDITIONS THAT ARE ACCEPTABLE TO THE PROPOSING COMPANY THAT COULD NOT BE FORCED UNDER STATE OR FEDERAL LAW. ABSENT SOME OR ALL OF THESE LOCAL BENEFITS IT IS LIKELY THAT A BEST INTEREST FINDING BY THE COMMISSIONER OF NATURAL RESOURCES WILL NOT ALLOW A PROJECT TO CONTINUE.

BETTER CHANCE TO PROVIDE MORE EFFECTIVE MANAGEMENT OF SPRUCE BARK BEETLE INFESTED FORESTS:

NEW USFS STUDY OUT (APRIL 94) REGARDING FOREST HEALTH IN ALASKA

- 750,000 ACRES NOW IMPACTED BY THE SPRUCE BARK BEETLE
- EQUAL IN SIZE TO 150 "FIRE ISLANDS"
- EQUAL IN SIZE TO 50 "ANWR DISTURBANCE ZONES"
- TREES THAT WILL GO TO ROT THAT COULD PRODUCE JOBS AND ACTIVITY FOR ALASKANS

TREES THAT BECOME STANDING FIRE HAZARDS - WHERE, LIKE ON THE KENAI PENINSULA, REAL ALASKANS ARE THREATENED EVERY DAY. (AN FMA COULD TARGET FUEL REDUCTION FOR EXAMPLE)

BETTER CHANCE TO ALLOW ALASKANS TO TAKE ADVANTAGE OF INCREASED DEMAND FOR FOREST PRODUCTS IN THE PACIFIC RIM:

ALASKA IS CURRENTLY IN THE UNIQUE POSITION OF BEING ABLE TO PARTICIPATE IN THE TREMENDOUS GROWTH IN DEMAND FOR FOREST PRODUCTS FROM PACIFIC RIM COUNTRIES. THIS GROWTH IS BROUGHT ABOUT BY THE ALMOST TOTAL SHUT DOWN OF LOGGING ON U.S. AND CANADIAN LANDS IN THE PACIFIC NORTHWEST. ALASKA CAN EXPECT TO HAVE VALUE ADDED FACILITIES ADDED TO OUR TAX BASE IF WE CAN OFFER LONG TERM, SECURE, NEGOTIATED SUPPLY CONTRACTS.

ALLOWS THE STATE TO SET ASIDE SECURE, LONG TERM HOUSE LOG, FIREWOOD HARVEST OR OTHER SMALL SCALE HARVEST AREAS TO ALLOW THE CAPITALIZATION OF VALUE ADDED PROCESSING FACILITIES:

SMALL OPERATORS NEED SECURE SUPPLIES OF TIMBER AS WELL AS THE LARGER OPERATORS. FMA'S ARE NOT JUST FOR MEGA-PROJECTS. THEY CAN BE CRAFTED TO ASSIST SMALL OPERATORS - FOR EXAMPLE A HOUSE LOG COMPANY THAT KNOWS OF A STAND OF PARTICULARLY GOOD LOGS THAT COULD FEED HIS/HER MILL FOR 15 YEARS.

THE KETCHIKAN EXPERIENCE:

TREMENDOUS INSTABILITY IN THE KETCHIKAN ECONOMY BEFORE LONG TERM CONTRACTS WERE INSTITUTED BY THE FEDERAL GOVT. IN THE 1950'S. IF KETCHIKAN LOST THEIR LONG TERM CONTRACT AT THIS POINT, THE COMMUNITY ESTIMATES THE FOLLOWING NEGATIVE IMPACTS:

THE LOSS OF ROUGHLY 35% OF THE ECONOMIC ACTIVITY OF THE COMMUNITY:

- 1,158 JOBS , 16% OF ALL JOBS IN KETCHIKAN
- 45 MIL\$ OF ANNUAL PAYROLL
- POPULATION DECREASE OF 15%
- INCREASE IN ECONOMIC INSTABILITY - OVER-DEPENDENCE ON TOURISM/GOVERNMENT
- 40 MIL\$ OF LOST BUSINESS SALES
- 7% PROPERTY TAX REDUCTION TO THE CITY OF KETCHIKAN
- DROP IN MANY POPULATION BASED "FORMULAS" THAT HELP THE CITY
- 160 MIL\$ DROP IN PROPERTY TAX BASE EQUALS 1 MIL\$/YEAR LOSS OF TAX REVENUE TO THE CITY

THE SITKA EXPERIENCE:

TREMENDOUS CITYWIDE NEGATIVE IMPACTS ASSOCIATED WITH THE LOSS OF THEIR LONG TERM CONTRACT. CITY OFFICIALS ESTIMATE THAT THE LOSS OF THE CONTRACT WILL CONTRACT ECONOMIC ACTIVITY IN THE CITY BY 18 TO 22%.

THE SEWARD EXPERIENCE:

LOUISIANA PACIFIC CHIP OPERATION,
CHUGACH FOREST PRODUCTS
SEWARD FOREST PRODUCTS
2 OPERATIONS BEFORE L. P.

ALL WOULD HAVE BENEFITED, POSSIBLY TO THE POINT OF CONTINUED OPERATIONS, BY HAVING THE ABILITY TO SHOW FINANCIAL INSTITUTIONS A LONG TERM GUARANTEED SUPPLY OF TIMBER FOR THEIR FACILITIES. (IT STILL MIGHT BE POSSIBLE TO SAVE 73 FULL TIME JOBS IN SEWARD IF WE CAN NEGOTIATE A LONG TERM CONTRACT SUFFICIENT TO SHOW A BANK THAT ENOUGH WOOD IS AVAILABLE TO SUSTAIN THEIR CONTINUED OPERATION.)

SB-310 ENCOURAGES RESPONSIBLE TIMBER DEVELOPMENT IN ALASKA:

ALLOWS COMPANIES TO ATTEMPT TO SHOW THE CITIZENS OF THE STATE HOW THEY CAN PROPERLY DEVELOP A FOREST PRODUCTS INDUSTRY RATHER THAN ASSUMING THAT THERE IS NO CORRECT WAY TO HARVEST AND PROCESS TREES IN ALASKA.

SB-310 ALLOWS TARGETED PLAN CHANGES TO ENHANCE SPECIES VIABILITY IN NATURALLY DECREASING POPULATIONS:

BIENNIAL REVIEWS OF PLANS ALLOW MID-COURSE CORRECTIONS THAT CAN WEIGHT THE RESTORATION OF A PARTICULAR BIRD OR ANIMAL HEAVILY IN A REVISED MANAGEMENT PLAN. FMA'S GIVE MORE TOOLS FOR TAKING CONCRETE ACTIONS TO RESTORE NATURALLY DECLINING BIRD AND ANIMAL POPULATIONS THAN WE CURRENTLY HAVE IN OUR TOOLKIT. THIS WAS A COMPELLING REASON CITED BY THE ALASKA OUTDOOR COUNCIL IN APPROVING THE COMMITTEE SUBSTITUTE FOR SB-310. THE ALASKA OUTDOOR COUNCIL IS A STATEWIDE GROUP OF 40 HUNTING AND FISHING ENTITIES WITH AN INTEREST IN SEEING ADVANCEMENT OF RESPONSIBLE HUNTING AND FISHING ACTIVITIES THROUGHOUT THE STATE.

SB-310 ALLOWS TIMBER TO BE DEVELOPED WHERE THE STATE'S DEVELOPMENT COSTS MAY BE TOO HIGH UNDER THE PRESENT SYSTEM:

A PRIVATE OPERATOR COULD LAY OUT A SALE TO MEET HIS COMPANIES NEEDS BETTER THAN THE STATE TRYING TO LAY OUT A SALE IN A PARTICULAR MANNER, THAT WE THINK WILL WORK FOR THE INDUSTRY. THERE ARE MANY WAYS TO PROPERLY LAY OUT A HARVEST UNIT. THE OPERATOR CAN DO IT MOST EFFICIENTLY, AND CAN STILL MEET ALL THE REQUIREMENTS OF THE STATE'S STRINGENT FOREST PRACTICES ACT.

THE CURRENT VERSION OF SB-310 IMPROVED THE ORIGINAL BILL:

GREATER PUBLIC ACCESS TO THE PROCESS
GREATER CONSIDERATION OF:

- PERSONAL ACCESS ISSUES,
- PRIVATE LAND OWNERS LOCATED NEAR A PROPOSED FMA
- FISH AND GAME RESOURCES

TIGHTENED THE BILL TO AVOID DUPLICATION WITH OTHER LAWS AND REGULATIONS

TIGHTENED THE BILL TO STEM POSSIBLE ABUSES OF AUTHORITY

TIGHTENED INTENT LANGUAGE FOR VALUE ADDED, IN-STATE PROCESSING OF LOGS.

BRIEFING:

Forest Management Agreements

May 3, 1994

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF ECONOMIC DEVELOPMENT

Will holders of FMA's receive a subsidy on timber? No. Stumpage fees will be paid to the state for all timber used. Current law requires that timber must be sold at fair market value and reappraised every three years (11AAC 91.090).

Are local jobs a consideration in timber sales or FMA's? Local jobs are not considered in competitive timber sales. These sales must be awarded only on the basis of the bid price (11 AAC 71). SB 310 requires that increasing local hire be considered in evaluating FMA proposals (P9, Line 2).

Is timber harvest likely to hurt tourism? Alaska has experienced a steady increase in visitors at the same time that timber harvesting has been increasing in S.E. Alaska. Tourism in other areas with a timber industry, such as British Columbia, Washington, and Oregon have exhibited similar increases. Logging on State lands will most likely occur primarily in winter, in areas not accessible to most tourists.

Do forest management agreements create a boom and bust economy? As a perpetually renewable resource, forests can yield a reliable and stable timber supply. Other renewable resources, like fish, are subject to wide annual fluctuations. All industries are subject to variations in demand, but an industry with a stable supply is not as volatile.

What is the Canadian experience with FMA's? FMA's have been used by all the provinces to support a large forest products industry. Canadian per capita forest employment is 2.7 times that of the U.S.. In the Pacific Northwest, which relied on short term sales of federal timber, supplies have dropped from 12 billion to 1 billion cubic feet. Hundreds of companies closed mills for lack of a timber supply. In Canada, supplies have remained stable and the industry thrives. FMA's have proven to be a good way to establish an industry utilizing lower valued wood.

What kinds of jobs would be created by FMA's? Modern harvesting and processing require skilled, well paid equipment and machine operators. Much of logging will take place in winter when other jobs are scarce. Non-mechanized jobs such as tree planting are available in the summer.

Will local sawmills be hurt by FMA's? Most local mills use higher quality wood for lumber production. If a use for low quality wood, such as pulp or waferboard occurs, local mills will be able to get a return for wood they now can not use.



ALASKA OUTDOOR COUNCIL

2932 C Street, Suite B
Anchorage, Alaska 99504
(907) 563-4AOC
FAX: (907) 561-0800

April 12, 1994

The Honorable William K. Williams, Chairman
House Natural Resources Committee
Alaska State Legislature
State Capitol MS 3100
Juneau, AK 99801-1182

Dear Representative Williams:

The Alaska Outdoor Council, at its annual meeting April 10, 1994 voted to support passage of CSSB310 (Res), "An Act relating to the management and sale of state timber and relating to administration of forest lands."

Because of its dedication to sound scientific management of fish, wildlife and habitats and public use of public resources, the Outdoor Council followed development of this bill with great interest. The original bill raised substantive concerns regarding relations of timber use to overall forest management and use, including fish, wildlife and habitat management, public access, the broad spectrum of public uses, and the opportunity for public input.

Those concerns have been addressed through extensive amendments by Senator Frank and his staff. By requiring that forest management agreements must be consistent with land use and/or forest management plans, the appropriate order of planning has been restored. Throughout the bill explicit recognition of the importance of providing for sound fish and wildlife management and for forest uses besides commercial timber production have been included. Appropriate opportunities for public input on forest management agreements have been added to existing public input provisions.

The Alaska Outdoor Council believes that CSSB310 (Res) meets the standards of providing for sound, scientific management of forests and related resources, and for appropriate public uses of forests. With appropriate public and agency cooperation in devising forest management plans, habitat quantity and quality enhancement may be improved by provisions of the amended bill.

We urge you to support and pass this bill.

Sincerely,


Richard H. Bishop, Acting President

cc: Senator Steve Frank
Commissioner Carl Rosier
Commissioner Harry Noah



United States
Department of
Agriculture

Forest Service

Alaska
Region
R10-TP-40



Forest Health Management Report

Forest Insect and Disease
Conditions in Alaska—1993



Table 1. 1993 Forest insect and disease infestation in Alaska by land ownership and agent.^a

Pest	National Forest	Other Federal	Native	State & Private
Spruce beetle	26,240	191,300	150,810	356,400
Engravers	----	1,990	1,970	330
Spruce budworm	----	6,810	----	26,700
Black-headed budworm	199,300	----	21,800	37,950
Hemlock sawfly	12,100	----	780	6,090
Spruce needle aphid	620	----	----	----
Large aspen tortrix	----	14,000	24,050	25,380
Alder defoliation	430	120	310	100
Birch defoliation	----	----	----	150
Cottonwood defoliation	1,550	930	10	410
Willow defoliation	----	36,380	1,900	2,360
Larch Sawfly	----	1,780	500	9,940
Black Moth	----	5	----	5,450
Yellow-cedar decline ^b	541,350	----	17,670	10,430
Totals	781,590	253,365	219,800	481,690
Grand Total = 1,736,445 acres				

^a Table entries do not include many of the most destructive diseases (e.g., wood decays and dwarf mistletoe) because these losses are not detectable in aerial surveys.

^b Value of yellow-cedar decline is not restricted to the acreage with a high concentration of dying trees for this year; it represents stands that generally have long-dead trees, recently-dead trees, dying trees, and some healthy trees. See discussion of yellow-cedar decline for a detailed listing of acreage affected by island and Ranger District.

May 5, 1994 (Thursday a.m.)

To all members of the House Finances Committee and Sen. Steve Frank
Re. SB 310

SB 310 is a seriously flawed bill. It needs to be heavily amended before it can be considered prudent public policy to be enacted in state statute. This careful process of amendment cannot be accomplished in the last days of this legislative session. Please hold SB 310 over the interim. The bill needs to be fixed. It goes well beyond what is necessary for a Forest Management Agreement (FMA) bill, and dangerously erodes checks and balances between state agencies, between different branches of the state government, and between the government and the citizens of our "owner-state".

Sec. 3, the FMA portion of the bill, places too much negotiation- and decision-making power in the hands of the Commissioner of DNR. It removes the Commissioner from his/her strict managerial role of evaluating industry proposals and promotes a more proactive industry stance of accomodating industry proposals.

Sec. 1 of the bill substantially decreases the standards for different state agencies' oversight on non-FMA lands (see (I) p. 1, Sec. 1(b), words within parentheses on lines 12-14 and on to line 1 of p. 2, and (II) p. 3, underlined passage at top of page, Sec. 1(d), lines 2-5). Again, the bill places more power in the hands of the Commissioner of DNR to decide the best interests of the state and resolve potential incompatible uses of the state forest, and erodes the checks and balances between different state agencies. This is the second dangerous precedent the bill sets.

Sec. 6, State Forest Purposes, unravels the consensus process that resulted in the 1983 enabling legislation for the state forest system. While it's true the state forests were established to provide a ready timber source for local loggers, nothing of the aggressive and long-term contractual nature of FMAs was envisioned at that time. Decisions to alter the state forest primary purpose should be reached through a consensus process. Obviously, the Tanana Valley State Forest should be preserved as a balanced multiple-use entity, given its key geographic location along the road system and rivers of the Interior.

The financial implications of this bill for the state have not been adequately addressed, as evidenced by ADF&G's recent reconsideration of its fiscal note. Given the far-reaching amendments that have been added to the bill since it was first introduced, all state agencies with Forest Practices Act oversight obligations on private lands should be requested to reconsider their fiscal notes before SB 310 is passed out of House Finances.

There is simply not time to adequately address these and many other concerns raised in testimony to House Finances yesterday, May 4. There are, however, many people and entities statewide actively engaged in finding creative and viable solutions to the problems this legislation poses. Please hold on to SB 310 through the interim. Harness the good will, experience, intelligence and commitment of all the people who have contributed to the SB 310 debate to reach consensus and rewrite SB 310 as banner legislation for the next legislature to consider. Thank you.

Sincerely,

Janice Leue, 479-8343, FAX 474-8343 (currently at ^{phone} 785-432-3753)
FAX = 702-920-8564

Representative Ron Larson
Chair, House Finance Committee
P. O. Box V
Juneau, Alaska 99811

May 4, 1994

Dear Representative Larson,

As you requested, please find suggestions for your consideration in amending SB 310. They represent recommendations that I mentioned at today's Committee hearing.

The Wasilla Chapter of the Susitna Valley Association, for whom I spoke, are opposed to SB 310. We recommend that the legislature study the economic affects of Forest Management Agreements before considering them in Alaska.

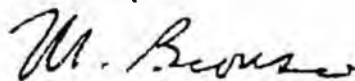
If the bill were unfortunately moved from the House Finance Committee at this time, you might consider two improvements in the language. The amendments would reduce the risk that FMAs would generate significant economic losses to private and State interests.

Amendment Suggestion Number 1: Move existing paragraphs 38.05.122 (e) and (f) to insert them just above paragraph (h) on page 7. The effect would be that the Commissioner's Best Interest Finding and public comment opportunity would take into account the detailed provisions for prices and responsibilities for payments of expenses.

Amendment Suggestion Number 2: Add new language at the end of paragraph (e), as follows:

"If the commissioner finds that commercial timber cutting is compatible with other uses, the commissioner shall also document the finding with sound scientific and economic data that clearly prove the overall net economic benefit of commercial logging. Net economic effect shall include quantification of all State, municipal, and private costs attributable to the FMA for a period from the time of solicitation through a period ending with the effects of FMA activity."

Sincerely,



Mike Bronson
Wasilla Chapter,
Susitna Valley Association

AMENDMENT

Therriault

OFFERED IN THE HOUSE

TO: HCS CSSB 310(RES)

Page 1, line 6:

Delete "[SELL OR]"

Insert "sell or"

Following "except for":

Insert "timber that must be removed for the purpose of a permit, right-of-way, or easement issued under AS 38.05.850 or"

AMENDMENT

NAKARRE

OFFERED IN THE HOUSE

BY REPRESENTATIVE

TO: HCS CSSB 310(RES)

Page 5, line 2:

Delete all material.

Insert "(3) commitments of the proposer to hire Alaskans;"

AMENDMENT

TO HOUSE CS CSSB 310(RES)

BY REPRESENTATIVE

NAVARRE

Page 3, Lines 6-12

Delete all material

AMENDMENT

Therriault

OFFERED IN THE HOUSE

TO: HCS CSSB 310(RES)

Page 2, line 12:

Delete "and"

Page 2, line 14, following "characteristics;":

Insert "and

(D) the use of silvicultural practices, commercial timber harvest, and related activities to maintain and enhance the quantity and quality of fish and wildlife habitat;"

Page 4, line 18:

Delete "and"

Page 4, line 20, following "characteristics;":

Insert and

(iv) the use of silvicultural practices, commercial timber harvest, and related activities to maintain and enhance the quantity and quality of fish and wildlife habitat;"

A M E N D M E N T

Therriault

OFFERED IN THE HOUSE

TO: HCS CSSB 310(RES)

Page 3, lines 4 - 5:

Delete "document the finding with sound scientific or economic data that clearly proves"

Insert "describe the data used to justify"

A M E N D M E N T

Therriault

OFFERED IN THE HOUSE

TO: HCS CSSB 310(RES)

Page 5, line 28:

Delete "and"

Page 5, following line 28:

Insert a new paragraph to read:

"(2) the tentatively successful proposed agreement covers no more land or timber than is necessary to make the proposed agreement economically sustainable over the life of the proposed agreement; and"

Renumber the following paragraph accordingly.

AMENDMENT

Thevriault

OFFERED IN THE HOUSE

TO: HCS CSSB 310(RES)

Page 5, line 28:

Delete "and"

Page 5, following line 28:

Insert a new paragraph to read:

"(2) the revenue to be received from the tentatively successful proposed agreement will exceed the direct costs of the proposed agreement to the state and that the sale of timber under the proposed agreement is not for less than fair market value; and"

Renumber the following paragraph accordingly.

A M E N D M E N T

Therriault

OFFERED IN THE HOUSE

TO: HCS CSSB 310(RES)

Page 6, line 5, following "agreement":

Insert "for at least 90 days after the provision of notice under this section"

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HCS CSSB 310(RES)

Therviault

Page 6, line 9:

Following "A":

Insert "tentatively successful proposed agreement, a"

Following "final agreement":

Insert ", "

A M E N D M E N T

Therriault

OFFERED IN THE HOUSE

TO: HCS CSSB 310(RES)

Page 6, line 16:

Delete all material and insert:

"(B) provisions requiring sale of the timber for at least fair market value as evidenced by an appraisal and provisions requiring periodic reappraisal of the value of the timber;"

A M E N D M E N T

Therivault

OFFERED IN THE HOUSE

TO: HCS CSSB 310(RES)

Page 6, after line 23:

insert:

"(F) provisions requiring that, at the discretion of the state, the access roads will be put to bed and reforested with the costs paid by the operator;"

renumber the following sections accordingly

A M E N D M E N T

Therriault

OFFERED IN THE HOUSE

TO: HCS CSSB 310(RES)

Page 7, line 15:

Delete "may"

Insert "shall"

Page 7, line 15, following "bonding":

Insert ", letter of credit or standby letter of credit, or other security that the commissioner determines to be adequate to protect the public interest"

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE MACLEAN

TO: HCS CSSB 46(); Version S, Dated 5/3/94

Page 4, line 10:

Delete "mammal species or"

Page 4, line 21:

Delete "mammal species or"

Page 4, line 27:

Delete "mammal species or"

Page 5, line 2:

Delete "mammal species or"

Page 10, line 11:

Delete "mammal species or"

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE MACLEAN

TO: HCS CSSB 46(); Version S, Dated 5/3/94

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Page 10, line 11:

Delete "mammal species or"

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE GRUSSENDORF

TO: HCS CSSB 310(RES)

Page 7, following line 15:

Insert a new subsection to read:

"(h) The commissioner shall submit the proposed final agreement to the commissioner of fish and game for review and approval. The commissioner of fish and game shall review the proposed final agreement to ensure that the agreement adequately protects and provides for the fish and game resources of the state."

Reletter the following subsections accordingly.

Page 7, line 20, following "subsection":

Insert "and approval by the commissioner of fish and game under (h) of this section"

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE GRUSSENDORF

TO: HCS CSSB 310(RES)

Page 7, following line 15:

Insert a new subsection to read:

"(h) The commissioner shall submit the proposed final agreement to the commissioner of fish and game for review and approval. The commissioner of fish and game shall review the proposed final agreement to ensure that the agreement adequately protects and provides for the fish and game resources of the state."

Reletter the following subsections accordingly.

Page 7, line 20, following "subsection":

Insert "and approval by the commissioner of fish and game under (h) of this section"

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE GRUSSENDORF

TO: CSSB 310(RES)

Page 1, line 4, through page 3, line 12:

Delete all material.

Page 3, line 13:

Delete "* Sec. 3."

Insert "* Section 1."

Page 8, line 29, through page 10, line 13:

Delete all material.

Renumber the following bill sections accordingly.

Page 10, line 18:

Delete all material.



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

Phone: 907-463-3366

Fax: 907-463-3312

Long-Term Contracts and Forest Management Agreements Would Cost Alaska Money and Lock Up Natural Resources

SB 310 mandates long-term contracts for up to 20 years, with an option to renew for another 20 years. Long-term contracts, also called Forest Management Agreements (FMA's), would make timber harvest the priority on state forested lands, elevating timber over fisheries, wildlife, subsistence, tourism, and recreation values.

Long-term timber contracts are likely to have negative impacts on Alaska's economy and natural resources. **The Alaska Environmental Lobby opposes SB 310** and the long-term contracts authorized in this legislation.

Long-Term contracts are unhealthy for Alaska's pocket book

*If new markets offer higher economic gain in future years, Alaska would be locked into "yesterday's market." Long-term contracts prevent Alaska's timber industry from adapting and competing in world markets.

*The state could lose huge amounts of money on infrastructure such as terminals, transportation facilities and logging roads. For example, the state lost more than eight million dollars in road credits, facility loans, management costs and other subsidies for a Haines long-term contract. The contract was canceled in less than seven years.

Long-term contracts lock out future knowledge

*Facts change: Often there is less timber available than originally calculated. Inventories that appear scientifically correct have been found to be in error 10 or 20 years later.

*The state may have to honor original contract levels even if it is found that a company is harvesting above sustainable yield levels or harming fish and wildlife habitat or other uses.

*Public values change over time and generations. 20-year contracts prevent future Alaskans from deciding how lands should be used.

Timber supply problems to fulfill long-term contracts may occur

*Hunting, fishing, subsistence, tourism and recreational uses may be sacrificed to meet harvest targets outlined in a legal contract.

*Because of new information, specific areas may be needed for critical habitat, subsistence, or recreational uses. But this may be ignored because of timber supply obligations.

*Forest fires decrease available timber, but contract volume would still need to be met.

OVER



Long-term contracts and mills may endanger Alaskan communities economically and environmentally

- *Statistics show that about 40% of Alaska's wood industry workers are out-of-state residents. Their use of municipal services is expensive and not recovered through taxes.
- *Small timber operators who often supply local lumber very often cannot compete with holders of long term contracts.
- *Commercial hunting, fishing and tourism industries as well as subsistence and recreational pursuits may be damaged by prioritizing timber.
- *There are many serious environmental hazards associated with lumber and pulp plants including air and water pollution. Sound and smell pollution can be irritating to residents.
- *Costs to the state and municipalities can be high for monitoring, waste disposal, and pollution clean-up.
- *In the Interior, a large mill's air emissions would add to already serious air pollution caused by winter temperature inversions.

The fox should not be in charge of the hen house.

Industry should not manage state lands.

- *Forest Management Agreements (FMA's) would allow industry to manage forest areas where they are contracted to cut.
- *While private industry's bottom line goal is profit, DNR's mandated goal is to manage lands for the public interest and for multiple uses. DNR must manage our public lands.

What are the alternatives to long-term contracts?

Maintain current timber sale length of three to five years.

- * This length allows DNR to update contracts as social values, economic situations, and biological information change.
- *With accurate field data and an assessment of all multiple uses, DNR can ascertain a reliable sustained yield harvest and make timber available for competitive bid.
- *Then there can be reasonable certainty that interested purchasers will have a steady supply of timber to bid on at fair market value, without locking up resources for 20 years and without locking out other interested timber purchasers.
- *Short-term sales mean that companies must compete regularly with other operators, and may encourage them to be better "corporate neighbors." Long-term contracts insulate companies from community concerns, while short-term sales mean businesses must maintain high quality relationships with regulatory agencies and the public.

Encourage locally owned, value-added forest industries.

- *Value-added timber industries produce the most worker hours and higher wages.
- *Numerous small companies making diverse products create a stronger economy by spreading resources among locals committed to the community. Diverse products help buffer the community from changes in specific markets.
- *In our free market society, industries often must compete openly for resources and market shares. Long-term timber contracts eliminate this competition.

3/14/94

The Canadian Experience With Forest Management Agreements

- **FMA**s do not produce the volume of jobs expected. Timber harvests greatly increased under **FMA**s, but timber industry employment declined. The average **FMA** holder in Alberta creates 0.4 jobs per cubic meter of wood cut. The U.S. gets over twice as many jobs as Canada from the same unit of wood.
- **Local residents** usually do not get the jobs created by **FMA** holders. Logging machinery needed for large volume clearcuts replaces many men with chainsaws, but require skills most local operators do not have. Highly automated plants employ robots and computers, not people. The remaining jobs require degrees in chemistry or computer science.
- Administrators anxious to make the **FMA** concept work committed large areas of forest land to multi-national companies at stumpage rates 1/5 to 1/7 those of adjacent areas in the U.S. and 1/4 the rate derived from competitive sales. **These allocations effectively deprived local small-scale operators of their timber supply areas.**
- **FMA** holders get 80% of their timber needs at low, fixed prices. The lack of competitive bidding and "soft" pulp prices, due to foreign control of the market, make stumpage fee increases impossible.
- **Large lumber and pulp mills were built when FMA**s were let, but few became the multi-product, high utilization mills that the provinces had hoped for. Companies with their own assured timber supplies and mills have little incentive to upgrade or diversify their operations. Value-added projects have been delayed or mothballed. Once the contract is signed, what you have is all you get.
- **Forest management under FMA**s are often "facility driven." The threat of plant closure is used by industry to "blackmail" government into providing more timber. Plants are sometimes intentionally overbuilt by industry, which then demands additional timber volume to operate the expanded facility.
- **Nation-wide, FMA** holders have received taxpayer subsidies totaling \$300 million dollars in grants and \$1.1 billion in loans. Yet, despite massive subsidies and increased timber supplies, some companies are unable to make payments on their loans.
- **Most FMA**s return little public revenue to the provinces for their investment in timber and industry loans. Alberta receives only \$1.13 per cubic metric ton for pulp produced by the giant Alpac mill. The corporation owning the mill makes \$625 to over \$2,000 per cubic metric ton for the same pulp when it was converted to paper in Japan.
- **Inventories often proved inaccurate.** Timber resources were sometimes insufficient to meet contractual obligations, forcing provincial governments to provide additional timber lands to **FMA** holders.

- Local loggers who survived government's switch to FMAs usually became contract loggers, dependent on the FMA licensees for their livelihood. With timber undervalued (low stumpage fees), contract loggers were often underpaid
- Local loggers who remained independent had to compete among themselves for the scarce remaining timber parcels, further reducing their profit margins.
- Local small-scale logging operators had difficulty obtaining financial assistance, yet provincial governments provided massive subsidies for FMA holders.
- FMA derived revenues were frequently not reinvested in the forestry resource which spawned them. Direct revenues are more likely to be reinvested in management of the resources.
- **Reforestation has not been successful in 38% of the areas clearcut in Alberta under FMA tenure.** Some areas have been planted 4 or more times.
- **Native lifestyles have been severely impacted in some areas.** For example, the Alberta government negotiated an FMA with Daishowa that resulted in clearcutting on traditional native lands without informing them or considering subsistence needs.
- **Tourism related businesses have been negatively impacted** in communities near large-scale clearcuts. Remote lodges and guiding operations have likewise been impacted by clearcutting and its attendant road construction.
- Where public access was permitted by FMA holders, large clearcuts and the intensive network of new logging roads resulted in increased poaching of wildlife and changes in big game distribution and abundance. Woodland caribou are now a threatened species in Alberta.
- **Large-scale clearcutting negatively affected trapping** by changing species distribution and abundance. Furbearers in general declined sharply following clearcut logging in spruce, pine and mixedwood stands, and remained that way for 17 years. Species that thrive in old growth forest, like Marten, were effected most.
- **FMAs have increased the work load on Fish and Wildlife staff.** Funding and staffing have not been adequate to monitor logging and conduct needed research.
- The few successful FMAs from an ecological and community viewpoint were those that had smaller mills, smaller timber volume needs, a commitment to "even flow" harvesting, and used selective harvesting. These provided higher levels of local employment, used less damaging equipment, and practiced sustainable forestry.

References

- "A New Leaf" (video), Gray Jones and Karen Baltgailis, co-producers, W. Canada Wilderness Committee.
- "B. C. Forest Industry Job Loses," compiled by Valhalla Society, in: Brazil of the North, January 1993.
- "Forest Management in Alberta, Report of the Expert Review Panel," Alberta Forestry, Lands and Wildlife.
- "Lubicon Struggle," Anne Champagne, in: Brazil of the North, January 1993.
- "Martin Populations in Uncut and Logged Boreal Forests in Ontario," Ian Thompson, J. Wild. Mgmt., 1994.
- "Testimony on CSSB 112," Rep. Niilo Koponen, May 6, 1987.
- "The Great Alberta Giveaway," David J. Parker, Prof. Eng., in: Brazil of the North, January 1993.

Document (L)

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

BILL SHEFFIELD, GOVERNOR

400 WILLOUGHBY AVENUE
JUNEAU, ALASKA 99801
PHONE: (907) 465-2491

January 24, 1985

D

The Honorable Peter Goll
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Goll:

I am sorry I have not yet responded to the questions in your earlier letter. But before doing so, I would like to give you an update concerning the removal of the stored logs near Mile 34. I spoke to Bill Oliver of Pacific Forest Products last week and he told me that they expected to begin moving the wood from Mile 34 on January 21st, so we should be receiving more information about the volume of wood removed from Unit 1 in the near future. I will update you with more information as it becomes available.

To date, we have received from Pacific Forest Products and its predecessor \$33,563.95 in stumpage payments from the Long Term Timber Sale; in addition, we have on deposit an additional \$9,000.00 for timber cut but not yet scaled. We also have on deposit an additional \$200.00 for log branding hammers loaned to Pacific Forest Products. Also, we have a claim against Pacific Forest Products filed through the United States Bankruptcy Court in the amount of \$5,486.87 for timber removed and scaled last summer, and an additional \$8,585.00 as a deposit for additional timber cut but not yet removed from the timber sale area.

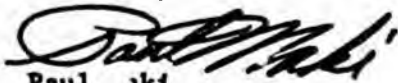
★ The additional stumpage due the State as a result of the rate redetermination which increased the stumpage rate from \$3.00 to \$52.75 was satisfied through the application of purchaser credits for roads. Roads constructed prior to March 31, 1982 were valued at \$461,605.54. The application of those road credits to pay the additional stumpage resulted in \$36,000.17 still owed to Pacific Forest Products, Inc. To that figure can be added the additional value of roads constructed during the 1984 operation season; though we have not yet determined the exact amount, we currently estimate the amount to be approximately \$396,000. By a provision of the contract, the additional road credits can be rolled over into subsequent operating periods when, hopefully, new reappraisals will indicate a stumpage rate something above the current base rates. With the exception of cottonwood, Pacific Forest Products paid \$52.75 per thousand board feet for timber removed from the beginning of the contract through March 31, 1982. As a result of an emergency rate redetermination authorized by a provision of the timber sale contract, the new rate was determined to be \$3.00 per thousand board feet for sawlogs and \$2.00 per thousand board feet for pulp beginning April 1, 1982. A rate redetermination due this year will establish another new rate.

The Haines State Forest project not only is the funding source for our timber sale preparation and administration work for the Haines Long Term Timber Sale, but it also provides a source of funds for preparation and administration of the smaller timber sales that we make at Haines. In addition, this project has provided funds for preparation of the management plan for the Haines State Forest. The Haines area staff is responsible for suppression of forest fires on approximately 680,000 acres of state, private and federal lands in the Haines-Skagway area. Although the region receives no forest fire suppression funds to maintain a staff for the suppression of forest fires, personal services funding in the Haines State Forest project does provide us the manpower to meet our occasional responsibilities for fire suppression. Also, our Haines area staff spends a considerable amount of time providing information to the local public not only on forestry matters, but also on land and water management matters which are primarily a function of a sister division. Our providing this service for the Division of Land and Water Management relieves them of the responsibility for stationing a person in Haines to provide that service. On occasion, as requested, we also provide forestry assistance information to landowners when they have questions concerning forest management on their own private lands.

I mentioned in my January 24th letter that we were several years ahead on our layout responsibilities under the Haines Long Term Timber Sale. As a result, and in keeping with good fiscal responsibility, we have not filled certain vacant positions. When a seasonal forest technician terminated employment last August and moved out of state, the position was not filled. When Mr. Tveiten terminated employment last November, his position was not filled, and in fact will not be filled in Haines. In addition, one of our seasonal foresters has announced his resignation effective in just a few days; he will be moving out of state and his position will not be filled in Haines. Even with these reductions in staff, we feel that we can still meet the responsibilities of our various forestry activities at Haines.

I am pleased to provide you this information, and if you have any questions about it, I would be pleased to answer them for you.

Sincerely,



Paul Maki
Regional Forester

CALCULATION OF STUMPAGE ADJUSTMENT AND EXCESS PURCHASER CREDIT
FOR THE EMERGENCY RATE REDETERMINATION

The following information is based on Cutting Report #018 dated April 30, 1982 which reports the volume cut through March 31, 1982:

Volume of all species		
except cottonwood:	8,498.39 Mbf x \$52.75/Mbf =	\$448,290.07
Volume of cottonwood:	1,024.91 Mbf x \$2.00/Mbf =	<u>2,049.82</u>
		<u>\$450,339.89</u>
Less amount already paid:		-24,734.52
		<u>\$425,605.37</u>
Less purchaser credit:		-461,605.54
Value of <u>excess</u> purchaser credit:		<u>\$36,000.17</u>



Base rate 3.00 mbf
2.00

he must pay this cost +
CAN use the purchaser
credit

Emergency Rate period April 1, 1982
Dec 31, 1984

(B)

Document

STATE OF ALASKA

(Site)

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

SOUTHEAST DISTRICT OFFICE

230 S. FRANKLIN STREET
ROOM 407
JUNEAU, ALASKA 99801
PHONE: (907) 465-3400

March 1, 1983

Re: SE-205

(B)

John Schnabel
Schnabel Lumber Company
P.O. Box 595
Haines, Alaska 99827

Dear Mr. Schnabel:

We have completed our calculations concerning the purchaser credit allowances for the SE-205 timber sale. The following is a tabulation of those credits:

Value of purchaser credit to date by compartment:

Little Salmon compartment:	\$204,637.20
Klehini compartment:	164,697.93
Kelsall compartment:	<u>92,270.41</u>
TOTAL	\$461,605.54

(★)

It is my understanding that the three-person review board will meet soon concerning a review of the \$52.75 per Mbf appraised figure. Since a final decision will likely occur soon, this is being presented to you now for your information, and a bill will follow after the stumpage rate is either confirmed or changed.

Sincerely,
Paul Maki
Paul Maki
District Forester

cc: State Forester

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

SOUTHEAST DISTRICT OFFICE

230 S. FRANKLIN STREET
ROOM 407
JUNEAU, ALASKA 99801
PHONE: (907) 485-3400

September 11, 1984

Re: SE-205

Michael Chittick
Pacific Forest Products, Inc.
P.O. Box 595
Haines, Alaska 99827

Dear Mr. Chittick:

This letter is meant to document my telephone conversation with Bill Oliver a few weeks ago concerning your emergency rate redetermination request.

The base rates as shown in Section 2b2 of the timber sale contract will remain in effect for the duration of the current appraisal period. The effective date of this emergency rate will be April 1, 1982. For all volume removed and scaled through March 31, 1982, payment has been calculated at the rate of \$52.75 per Mbf. The enclosed sheet shows the calculation of this stumpage rate adjustment and its application against earned purchaser credit. As you can see, the purchaser credit for roads was not exhausted, and there remains an excess (unused) purchaser credit of \$36,000.17. According to Section 2g5 of the contract, this may be applied to later operating periods. It is necessary that base rates be actually paid for the remainder of this emergency rate period. ~~2~~

Do not hesitate to call or write if you have any questions.

Sincerely,



Paul Maki
District Forester

Enclosure

See p. 2
document (C)

DEPARTMENT OF NATURAL RESOURCES

P. O. BOX 107005
ANCHORAGE, AK 99510-7005
PHONE: (907) 762-2501

DIVISION OF FORESTRY

March 31, 1994

The Honorable Mike Miller
Chairman, Senate Resources Committee
Alaska Senate
Room 403, State Capitol
Juneau, Alaska 99801

Dear Senator Miller:

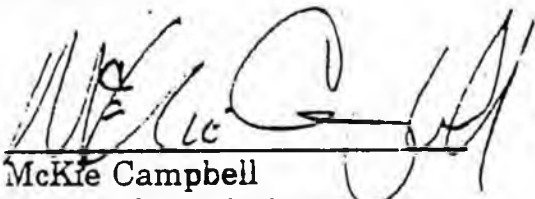
Representatives from the Governor's Office, the Department of Fish and Game, the Department of Commerce and Economic Development and the Department of Natural Resources have thoroughly reviewed Senate Bill 310 and the committee substitute for that bill. While there were a number of acute concerns identified when reviewing the original bill, the committee substitute answers those concerns and, in some instances, does a better job of answering those concerns than did the draft language offered to you after the review of the original bill.

We want to thank the Senate Resources Committee for its hearings on this resource issue. The process which resulted in the committee substitute was a useful one and the resulting committee substitute meets the objectives and concerns of the departments represented here.

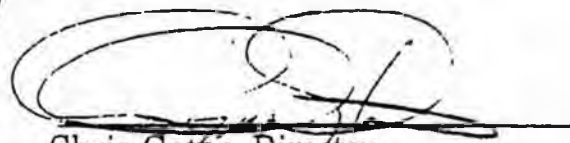
Forest management agreements require adequate public involvement as a part of the process. Good public process involves the public at the very beginning and gives assurance that the public will affect the outcomes. Our belief is that the committee substitute for Senate Bill 310 does that. The two distinct public comment periods, together comprising not less than 120 days, are necessary for a process that could result in a contract that might last as long as 20 years. Separate from requirements for forest management agreements, we believe that the cap on the amount of timber that can be offered without having been in the 5 year harvest schedule, as provided in section 2 of the committee substitute, is important.

The Alaska Forest Resources and Practices Act and other state law apply to any state timber sale, with the tighter restrictions for state land than for other types of ownerships, including a timber sale using a forest management agreement. However, enforcement requires maintenance of adequate funding. Finally, using the AS38.04.910 definition of sustained yield for forest management agreements is proper.

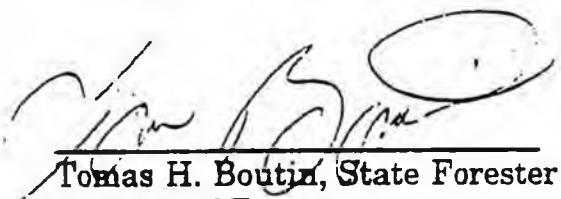
Sincerely,



McKie Campbell
Deputy Commissioner
Department of Fish and Game



Chris Gates, Director
Division of Economic Development
Department of Commerce and
Economic Development



Thomas H. Boutin, State Forester
Division of Forestry
Department of Natural Resources



Alaska Department of
**NATURAL
RESOURCES**

BRIEFING:

Long Term Timber Sales / Agreements

April 2, 1994

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

Past long term timber sales. The DNR Division of Forestry (DOF) has had favorable experience with long term timber sales. The long term timber sales in Haines and Icy Bay produced General Fund revenue and jobs in the private and public sectors. Transportation infrastructure built on state land by timber purchasers in the course of these contracts is used by DOF to increase stumpage prices paid to the General Fund for recent timber sales as well as by recreationists. The lands have been reforested with spruce which will be of marketable sawlog size within the lifetime of people in grade-school today. DOF reforestation surveys have shown that in some cases growth rates rival what can be found in any forest in the Lower 48.

The Haines long term timber sale started in 1979 and was concluded in 1985. The total volume harvested was about 17 million board feet of predominately spruce. The General Fund received \$168,623. An additional \$388,428 in road construction that would have been used by the contractor to reduce stumpage payments was lapsed to the benefit of the state for a total amount of \$857,051. The DOF ongoing timber sale program uses these main haulroads today as do other users of the Haines State Forest. While there is no record of costs attributable only to the long term sale, the forest management costs for the Haines DOF office, which now offers the annual allowable cut of 8 to 10 million board feet, is \$63,600 per year.

The Icy Cape I, Icy Cape II and Extension sales began in 1983 and were completed in 1993. The total volume harvested was about 92.9 million board feet of spruce. Over \$2 million was paid to the General Fund. These contracts required the contractor to build between 10 and 20 miles of road and construct 10 steel bridges which are still in use today. The costs for the Yakutat and Icy Bay offices operated by DOF at that time plus Juneau regional office costs attributable to those sales over that period of time was \$894,000.

All of these sales brought basic high-wage jobs to the economy of Alaska, increasing the service sector economies in local communities and impacting suppliers state-wide.

Forest management agreements. DOF has looked at a variety of long term timber sale contracts, communicated with the Province of Alberta on the experience there and read published material critical of long term timber contracts in Canada. Management agreements have allowed more economic stabilization than have shorter term contracts made available to the round log export market. Conceptually, the management agreement contractor becomes a partner in protecting the long term productivity of the forest. Management agreements can give the assurance of wood supply that is necessary to attract timber processing investment to Alaska without requiring the state to make the initial investment in timber sale design that a long term sale under existing law would require.

Management agreements cannot exempt any land management activity from the Forest Resources and Practices Act and sustained yield requirements. Restriction of public access does not appear to be a feature of any known long term timber sale or management agreement.

Management agreements would need to be self-supporting under existing law and under proposed legislation. However, some costs are usually associated with ownership of land-based resources even where those resources are renewable but not harvested. Management agreements have been used to meet those costs in Canada. Deficit timber sales have not been desired or proposed by anyone.



State Timber Sales

April 2, 1994

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

Past sales. The DNR Division of Forestry (DOF) has an active, ongoing program of timber sales on state forest land throughout Alaska. DOF sells most timber competitively through oral auction or sealed bids. Some small sales are negotiated for fair market value. DOF also issues permits to harvest firewood and houselogs or to salvage beach logs.

From 1988 to 1993, the Division sold an average of 22 million board feet (MMBF) of timber annually. About 60% of the sales occurred in Interior Alaska, where the state owns large tracts of white spruce and hardwoods, including the Tanana Valley State Forest. Sitka spruce and hemlock in Southeast Alaska, including the Haines State Forest, accounted for 30% of the sales. The remainder came from white spruce and hardwood stands in southcentral. Forest products from state land contributed \$2.6 million to the General Fund for these years. Currently, 110 sales are under state contract, totaling 139 MMBF. For reference, that volume would supply the Seward Forest Products sawmill for about 4 years on one shift or the Alaska Pulp Corp pulp mill in Sitka for 9 months.

Proposed sales. DOF proposes increasing timber sales on state lands for the next five years. For 1994 to 1998, the timber sale schedules offer an average of 84 MMBF annually. With current high timber prices, the sales proposed for FY 95 could generate up to \$12.4 million in General Fund revenue. DOF proposed increase sales in all regions. The largest increase is in the Kenai-Kodiak area, where we propose expanded sales to salvage trees in response to the spruce bark beetle epidemic.

Timber sale process. DOF nominates timber sales by placing them on the Five-Year Schedule of Timber Sales. Under AS 38.05.113, most sales must be on the schedule for the two cycles before sale. Small negotiated sales and emergency sales such as beetle salvage sales are exempted from the schedule requirement. The schedules provide an advance overview of the sale program for the timber industry, public, and agencies.

A Forest Land Use Plan is prepared for each sale before offering. The plan describes harvest methods, access routes, and reforestation methods. Plans serve as the preliminary best interest finding for timber sales, and receive public and agency review.

Revenues and costs. State timber sales pay the costs of road construction and maintenance, timber harvesting, and site preparation for reforestation. Roads built by commercial operators also provide access to personal use harvest areas. Administrative costs such as timber sale and road layout, contracting, inspections, public meetings and other public process requirements, and replanting costs are paid from DOF operating funds. Because DNR must manage for multiple use, provide for public involvement in timber sale planning, and meet higher standards under the Forest Practices Act, costs of state sales are higher than for private sales. Depending on the value of the wood sold, revenue on individual sales may exceed the administrative and replanting costs, or only cover part of the cost. However, the revenue from the overall timber sale program exceeds program costs. We offer certain sales that do not cover administrative costs to salvage dead timber, accelerate regeneration, and provide jobs and income from harvesting or wood processing. DOF tries to keep sale costs low by coordinating timber sale and fire programs. For example, we use seasonal fire technicians to help lay out timber sales when fire danger is low.

Timber Sale Volume (MMBF) - 1988 to 1993

REGION	1988	1989	1990	1991	1992	1993	AVERAGE
Southeast - Ketchikan Area - Juneau Area - Haines Area	6.5	5.7	18.1	0.1	0.1	9.7	6.7
Southcentral - Kenai-Kodiak Area - Mat-Su Area - McGrath Area - Copper River Area	4.5	2.0	3.4	0.6	1.5	1.1	2.2
Northern - Fairbanks Area - Tok Area - Delta Area	16.5	13.9	14.3	9.5	9.1	18.6	13.7
TOTAL	27.5	21.6	35.8	10.2	10.8	29.5	22.5

Proposed Timber Sale Volume (MMBF) - FY 95 to FY 98

REGION	FY 94	FY 95	FY 96	FY 97	FY 98	AVERAGE
Southeast	7.5	34.8	6.0	6.7	37.9	18.6
Southcentral	7.0	80.0	32.0	47.1	72.4	47.7
Northern	11.2	18.0	18.7	20.0*	20.2*	17.6
TOTAL	25.7	132.8	56.7	73.8	130.5	83.9

* The Tanana Valley State Forest Management Plan update is reviewing potential for additional hardwood sales. If approved, such sales could significantly increase the volume sold in FY 97 and following years.



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

Phone: 907-463-3366

Fax: 907-463-3312

SB 310: A Timber Mandate for State Lands

SB 310 significantly changes state forest policy by promoting long-term contracts called Forest Management Agreements, making timber harvest the priority on state lands, and diminishing public participation.

The Alaska Environmental Lobby opposes SB 310. This legislation:

***Authorizes the Commissioner of DNR to negotiate long-term contracts (Forest Management Agreements (FMA's)) with big timber companies.** SB 310 mandates DNR to annually solicit FMA's for up to 20-year timber-cutting contracts with possible contract renewals. This is a public resource giveaway which will lock up portions of state lands for years. These contracts are also likely to cost the state money. *(See AEL's position paper on long-term contracts for more information)*

***States that "The primary purpose in the establishment of state forests is the development of commercial forest land...".** Existing uses such as subsistence, hunting, fishing, tourism and outdoor recreation would become secondary to large-scale timber development.

***Allows two sales under 500,000 board feet to be sold yearly in a region, as well as "emergency sales," without the normally required two year scheduling by DNR.** These sales would be subject only to a 30-day public notice.

4/1/94





Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

Phone: 907-463-3366

Fax: 907-463-3312

The Haines Long Term Timber Sale Lost Millions of Dollars

The State lost more than eight million dollars between 1979 and 1985 in a Haines long term contract. This money was lost in road credits, subsidies, infrastructure, and management costs. After the mill closed several times, the state canceled the contract in 1985.

DNR's briefing paper on long-term timber sales claims that the DNR Division of Forestry made a profit on this sale. However, the attached documents show that the Division of Forestry clearly lost money on the Haines long term timber sale.

***DNR spent more than \$1 million dollars for the Haines Forestry Office related to the sale of timber during five years of that sale. Before bankruptcy, DNR owed the contractor more than \$388,000 in purchaser credits due to road construction. In other words, the costs of road construction exceeded the timber stumpage due to the state by \$388,000.**

***In addition, the state spent and lost about \$7 million dollars more in mill-related investments, via the Alaska Resource Corporation, which is similar to AIDEA.**

4/25/94



(7)

Document C = 450,339.89 (plus an additional \$ 1E,82E,23 (1982-1984))
Document B Timber sold; DNR Stumpage: equals \$ 469,176.92
(to July 14, 1984)

Document B Purchaser Credits \$ 461,605.54
(to March 31, 1982)

Document D Purchaser Credits \$ 396,000.00
(DNR estimate to July 14, 1984)

Stumpage Due \$ 388,428.62 DEFICIT
Less Purchaser Credits
As Of July 14, 1984

Document A * Cost of Haines Forestry Office \$1,000,000.00 \$1,097,500.00
Portion of Costs Related to Sale (1981-1985)
of Timber

* ARC Investment to SLC/PPP \$5,600,000.00

Interest on ARC Funds as of \$1,300,000.00
Filing for Chapter 11 by PPP

Administration Costs to ARC, \$ 100,000.00
Revenue, Commerce to manage
ARC investment

Total Revenue/Loss to State \$8,388,428.62 LOSS

Haines sale

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

BILL SHEFFIELD, GOVERNOR

400 WILLOUGHBY AVENUE
JUNEAU, ALASKA 99801
PHONE: (907) 465-2491

January 30, 1985

(A)

Honorable Peter Goll
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Goll:

The information in this letter is meant to supplement the information I sent to you in my letter of January 24, 1985.

The figures shown below represent the annual budget allocation to the Southeastern Region of the Division of Forestry for the Haines State Forest project (formerly referred to as 'Haines Timber Sale'). The figures represent the budget allocation for the five basic budget segments for fiscal years 1981 through 1985. Prior to fiscal year 1981, our activities at Haines were funded along with all the other activities of the Southeastern Region (including land & water management activities). Therefore, I am not able to determine that portion attributable to Haines operations.

	FY-81	FY-82	FY-83	FY-84	FY-85 ^{2/}
Allocation (Thousands of Dollars)					
Personal Services ^{1/}	142.9	179.7	193.7	198.1	252.6 ^{3/}
Travel and Per Diem	5.5	7.0	8.5	8.5	8.5
Contractual Services	6.8	14.5	14.9	19.8	19.8
Commodities	1.8	3.7	3.8	3.7	3.7
Equipment	-0-	-0-	-0-	-0-	-0-
TOTAL	157.0	204.9	220.9	230.1	284.6

^{1/} The allocation for personal services includes partial funding for a few positions located in Juneau due to seasonal or administrative responsibilities related to the Haines work.

^{2/} Expenditures for the current fiscal year, FY-85, total \$133,600 for all five categories and represent expenditures current through December 15, 1984 for personal services and expenditures current through January 30, 1985 for other categories.

^{3/} The increase over prior year is due to a few positions, formerly partially-funded in other projects, now funded in this project.

Facsimile Cover Sheet

**To: Rep. MacLean & Rep.
Larson**

Company: House Finance Committee

Phone:

Fax: 465-2278

From: Terry T. Brady

Company: ALASKA HUSKY WOOD

Phone: (907) 333-9462

Fax: (907) 333-9462

Date: 04/30/94

**Pages including this
cover page: 2**

Comments: I sent a telefax indicating that SB 310 (Forest Management Agreements) should not increase state costs, despite some bureaucrats information to the contrary. Now I am sending a telefax to indicate that putting State and Municipal timberlands into production will result in gains to both the public and private sectors of Alaska.

I base this on USDA FS research as to the estimated volume and acreage of State of Alaska and Municipal timber as of the end of 1987, and transactional figures as of the end of 1993. all based on a 100 year rotation cycle (1/100 of the state and municipal commercial forest land would be harvested each year), and a compounded growth rate for new timber of 1.5% per year (very conservative at this time). This is all based on constant 1993 dollars, and a 2.5 multiplier to indicate impact on the annual economy of the State of Alaska.

These figures do not include potential forestry contribution to the State's economy from federal lands, including the two national forests, or Native corporation lands. The State and Municipal lands hold about 18% of the timber resources (volume) within the State of Alaska, so you can compute what the contribution of this replenishable natural resource can be to Alaska, while harvesting only 1% of the State and Municipal commercial forestland land per year. (This would be 0.0004% of all the forested lands of Alaska - and about 0.0001% of the total lands of Alaska - per year, to add \$1 billion yearly to the economy. Hope this is helpful in deciding the fate of SB 310 particularly when it is considered we are now losing State spruce forest land at a rate of 10% of the interior spruce forest per year ... which compounds the tragedy of "not utilization" of replenishable resources.

POTENTIAL CONTRIBUTION FROM FORESTRY

STATE OF ALASKA & MUNICIPAL COMMERCIAL FOREST LANDS ONLY

Constant Dollars over Rotation Period

	Forested	Net Volume	Avg. Harvestable Volume/Acre	
	Acres	cu. ft. (millions)	cu. ft.	bd. ft.
State of Alaska, Municipal Volumes at Start of Period (1987)	4,822,000	7,845	1,627	5,694
Rotation in Years	100			
Avg. Bd. Ft. per Cu. Ft.	3.5			
			<u>Annual Harvest</u>	
			cu. ft.	bd. ft.
Acres per Year Harvest (constant)		48,220		
Volumes at Start of Period (1987)			78,453,000	274,585,500
Compound Annual Tree Growth	1.50%			
Average Annual harvest Over Rotation Period			179,502,852	628,259,980
Value in Constant 1993 dollars				

Values - Year 1 and Over Rotation Period

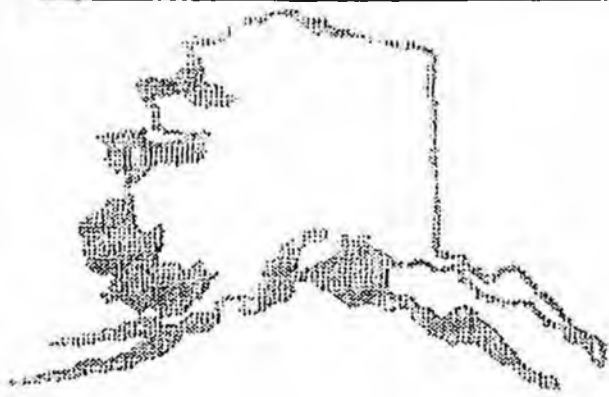
		\$ Per Year
<u>Stumpage per MBF</u>		
\$50	\$ Per Year 1	\$13,729,275
	\$ Per Year Avg.	\$31,412,999
<u>Log Value per MBF</u>		
\$350	\$ Per Year 1	\$96,104,925
	\$ Per Year Avg.	\$219,890,993
<u>As Finished Product</u>		
\$850	\$ Per Year 1	\$233,397,675
	\$ Per Year Avg.	\$534,020,983
<u>Economic Multiplier</u>		
2.5		

Rotational
Avg. Economic Value to State

	As Logs
\$ Per Year	\$549,727,483
\$ Per Rotation	\$54,972,748,291
	<u>As Finished Product</u>
\$ Per Year	\$1,335,052,458
\$ Per Rotation	\$133,505,245,849

Note: All calculations based on log scale

Sources of Information: USDA FS, Forest Statistics of the U.S., PNW-RB-169, 1987
and Alaska Husky Wood April 29, 1994



ATTENTION: Rep. Ron Larson, Chair Finance. Comm.

THEIR CONTACT #: 465-4797

FAX #: 465-2293

FROM: CRISTINA SCHNEIDER & Gary McQueen

MY PHONE #: 471-3982 (fax 479-2323) 479-3702

DATE: May 4, 1994 NO. PAGES: 8 (Including this sheet)

COMMENTS: Please make this available to your colleagues in Finance. Comm. in the House.


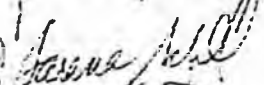

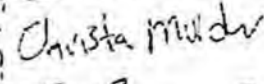
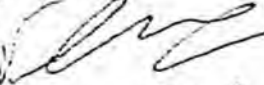
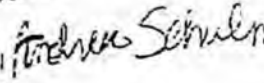
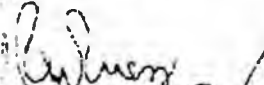
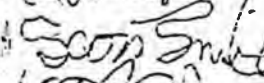


Following are additional signatures to the petition we turned to your office last week. This petition makes a clear statement of opposition to SB310 which was introduced by Senator Steve Frank (R-FBKS). You now hold evidence of nearly 100 people in Alaska who oppose SB310 through this petition. This is in addition to the overwhelming public testimony at teleconferences, via P.O.M.'s & by mail. Please heed these constituent voices. Make us your priority, over alliances to timber lobbyists & your party.

We expect a written reply to the following address:
P.O. Box 81883 Fairbanks AK 99708

2nd transmission from 479-2323
to complete petition

- Require cost-benefit analyses to be completed by at least three credible sources who do not have any investment in the development.
- Require environmental impact studies in compliance with all local, state and federal laws prior to, during and subsequent to any contract.
- Disallow long term contracts.

We want the timber industry to provide evidence from its historical record elsewhere that it can practice sustainable, value-added development at a profit before it is permitted to experiment on Alaska's forests, our homes.

<u>Signature</u>	<u>Printed Name</u>	<u>Address</u>	<u>Phone</u>	<u>Affiliation/Interest</u>
	Jon A. Bishop	211 Irving Blvd, UAF Fairbanks 99775	479-2302	5 year resident/biologist/forest user
	Sarana Schell	1657 Old John Tr. Fairbanks 99709	455-6135	lifelong Interior AK resident
	DANIEL ORVASHEL	P.O. Box 83394 Fairbanks, AK 99708	479-5616	Biologist
	Christa Mulder	PO Box 83394 Fairbanks, AK 99708	479-5616	Biologist-plant ecologist
	Christopher Larrick	P.O. Box 81324 Fairbanks AK 99708	479-3759	student
	Andrea Schulman	PO Box 81722 Fairbanks, AK 99708	479-9729	Biologist
	RW Ruest	PO Box 84465 Fairbanks AK 99708	479-8336	Biologist
	Scott Smiley	301 81052 " " "	479-0171	Scientist
	Katherine P. Irons	P.O. Box 81052 Fairbanks, AK 99708	479-0171	Biologist
	Kelle Drew	PO Box 84002 Fairbanks AK	479-5913	Scientist

MAY-04-94 WED 01:31 PM MAGIC CARPET 987 479 2433 P.01

We the undersigned citizens of Alaska oppose Senate Bill 310.

We recommend that the House of Representatives of the State of Alaska reject Senate Bill 310.

We want the timber industry to provide evidence from its historical record elsewhere that it can practice sustainable, value-added development at a profit before it is permitted to experiment on Alaska's forests, our homes.

Signature	Printed Name	Address	Phone	Affiliation/Interest
(11)	Peggy Shumaker	Box 304 Esler 99725	479-7048	resident since 1988
(12)	Dana Ezran	P.O. Box 35 Esler, AK 99725	474-3537	
(13)	Mary Golden	HC 03 Box 8702A Palmer, AK	823-3727	resident since 1977
(14)	MARK DEMCHAK	Box 750338 Fairbanks AK	474-3619	
(15)	Peggy D Demchak	Box 750338 Fairbanks AK	474-3619	
(16)	JON PAULSEN	PO BOX 83303 FBKS AK	456-2880	
(17)	MARY LUSTON	PO Box 74152 FBKS AK 99707	488-4481	resident 1956
(18)	NANCY P. SCOTT	PO Box 70454 FB, AK 99707	474-3807	CONNECTED TO EDUCATION
(19)	Cindy Lee	PO Box 70454 FB AK 99707	474-3807	tree hugger.

- Require cost benefit analyses to be completed by at least three credible sources who do not have any investment in the development.
- Require environmental impact studies in compliance with all local, state and federal laws prior to, during and subsequent to any contract.
- Disallow long term contracts.

We want the timber industry to provide evidence from its historical record elsewhere that it can practice sustainable, value-added development at a profit before it is permitted to experiment on Alaska's forests, our homes.

	<u>Signature</u>	<u>Printed Name</u>	<u>Address</u>	<u>Phone</u>	<u>Affiliation/Interest</u>
(20)		Roblyn Dresser	P.O. Box 82745, Fbks, AK	479-7311	Life long Alaska resident; 34 yrs Small timber owner; 18 years
(21)		Michael Dresser	" " " "	"	"
(22)		Julie Filapek	P.O. Box 250419		
(23)		David Cross	Fbks, AK 99275	455-4606	tree-hugger
(24)		Gregory McGuire	600 FAIRBANKS ST. APARTMENT C-14	479 9006	Ditto
(25)		Michele R. Robinson	PO Box 82550 Fbk AK 99708	488 3520	
(26)		Kristine Ranzet	PO Box 83082 Fbks. 99708	479-5609	forest user
(27)		SUSAN BLALOCK	PO Box 222 Fbks. 99707	456-6314	life long concerned Al't'n
(28)		John Morgan	P.O. Box 83657 FRBKS 99708	455-6655	need trees + real jobs yrs.
(29)		DAVID STARK	3240 Rosie G. Rd., Fbks 99709	479-4930	18 yr resident
(30)		WINNIE B. ATWOOD	540 Ben-2not, Fbk 99705	474-6484	23 year re. sett
(31)		Winnie B. Atwood	P.O. Box 1760 FRBKS AK 99707	479-6772	10 yrs born here.

Additional signatures in petition on previous pages

We the undersigned citizens of Alaska oppose Senate Bill 310.

We recommend that the House of Representatives of the State of Alaska reject Senate Bill 310.

We want the timber industry to provide evidence from its historical record elsewhere that it can practice sustainable, value-added development at a profit before it is permitted to experiment on Alaska's forests, our homes.

<u>Signature</u>	<u>Printed Name</u>	<u>Address</u>	<u>Phone#</u>	<u>Affiliation/Interest</u>
30) Phyllis J. Garrett	Phyllis J. GARRETT	730-18 th Ave. FAIRBANKS, AK 99701	456 3238	ALASKAN
31) Joan Worley	Joan Worley	1230 26 th Ave Fairbanks 99701	452-7495	
32) Jennifer Roberts-Luévano	Jennifer Roberts-Luévano	524 Auburn Fairbanks 99709	458-7251	registered voter
33) Daniel D. Luévano	Daniel D. Luévano	524 Auburn Fbks 99709	458-7251	registered voter
34) Elizabeth McRitchie	Elizabeth McRitchie	Po. Box 341 Ester, AK. 99709	479-7986	ALASKAN
35) Shelly J. Norris	Shelly J. Norris	510 Yak Rd. #854E 99709	479-2198	Alaskan
36) James M. Nageak	JAMES M. Nageak	3936 Birch Ln FAIRBANKS AK 99709	479-4641	Alaskan
37) Marjorie K Cole	Marjorie K. Cole	Box 81816, Fairbanks 99708	457-7078	registered voter
38) Katherine E Stern	Katherine E Stern	Br 750-133, UAF, Fairbanks, AK 99775	474-4389	Alaska resident concerned voter

additional signatures to petition on previous pages

We the undersigned citizens of Alaska oppose Senate Bill 310.

We recommend that the House of Representatives of the State of Alaska reject Senate Bill 310.

We want the timber industry to provide evidence from its historical record elsewhere that it can practice sustainable, value-added development at a profit before it is permitted to experiment on Alaska's forests, our homes.

	<u>Signature</u>	<u>Printed Name</u>	<u>Address</u>	<u>Phone#</u>	<u>Affiliation/Interest</u>
(39)	<i>Diedri Scharf</i>	DIEDRI SCHARF	BOX 83948	452-4313	
(40)	<i>Ann Lefavor</i>	Ann Lefavor	PO 347 Ester, AK	479-9387	
(41)	<i>Frank Soos</i>	FRANK SOOS	PO Box 83657 FDL 99708	455-6655	14 yr Resident U of A
(42)	<i>Mary Matthews</i>	MARY MATTHEWS	P.O. Box 80196 Fbk. 91109	457-5701	
(43)	<i>Jean B. Anderson</i>	Jean B. Anderson	509 AGUILA ST.	Fbks. 99712 457-7692	Long-time resident (since 1966)
(44)	<i>Carolyn Sue Kremer</i>	Carolyn Sue Kremer	PO Box 84231 Fbks 99708	479-0920	resident

FAIRBANKS

Daily News - Miner

"Independent in All Things . . . Neutral in None"

Established in 1903

CHARLES J. GRAY
PublisherPAUL J. MANN
PublisherBIR HAYTON
Managing EditorJACK EDWARDS
Asst. Managing EditorSAM BISHOP
Editorial Page Editor

Forest bill needs tempering

If Alaska is going to benefit from the long-term forest agreements proposed by some of our legislators, the agreements must be done right—economically and environmentally.

Some signs in Juneau indicate that goal may not be getting the support it deserves. The bill allowing the state to assign large tracts of forest land to single companies has bypassed the House Finance Committee, ostensibly because it would have no effect on state finances.

The assertion is questionable at best. First, forest management agreements will earn some money for the state through stumpage fees. Second, such agreements will cost the state because they will, if done right, require much more intensive forest inventories and oversight.

Better inventories are necessary both to protect the state and the forest.

Alaska should never find itself in the position faced by Alberta, Canada. It committed to huge forest management agreements years ago without proper inventories. Now it turns out there isn't enough wood on the land they assigned to the agreements, so the province is looking to its park land to meet its commitments.

More important, thorough inventories would be critical to the long-term health of our forest under management agreements. Scientists and our own intuitions tell us that truly sustaining the forest requires corridors of undisturbed land along streams and across watersheds to allow travel of beneficial animals, birds and insects. Old growth nodes must be left to act as "seed" areas for the plants, soil bacteria and fungus essential to healthy forests. Detailed inventories help make such ideas work.

Besides acknowledging the need for complete inventories, legislators ought to consider a few other changes to Senate Bill 310. It should create a public process that would set the maximum amount of acreage to be covered in agreements at one time and the maximum amount to be placed in new leases in any one year. That would address concerns that a pro-industry administration will tie up too much of our best land, leaving local users with the dregs.

The current bill also lets the commissioner of natural resources commit the state to paying for much or all of the industry's roads, scaling services and reforestation. That would be costly work, but the bill only requires the commissioner to evaluate proposed management agreements for economic benefits to the state. We need a statement of liabilities, too.

Knowledge of those liabilities is particularly important given experiences in Canada, where some pulp mills with forest agreements have required outrageous subsidies. Critics of forest agreements suspect such subsidies are the only way Alaska will be able to compete with South American and Southeast Asian pulp mills.

If that's true, the public needs to know so it can hit the kill switch.

FORUM / LETTERS

Alaska doesn't need cut-and-run timber industry

By LANE THOMPSON

FAIRBANKS — For an idea of how the large-scale timber harvests allowed under Senate Bill 310 will affect the entire state, it is useful to see what the proponents have in mind for the Tanana Valley. A Fairbanks Daily News-Miner feature on SB 310 on April 3 brings back the words of Benjamin Disraeli, "There are three kinds of lies: lies, damned lies and statistics."

The News-Miner prominently displayed the "fact" that the "Tanana Valley contains about 29 million acres (total) of forest resources." A News-Miner article then quoted state of Alaska forestry economist Frank Seymour: "There are 30 million acres of forest in the general area. The most ambitious plans I've heard would harvest only 10 to 15 percent of that acreage."

Now it is true that there are about 29.1 million acres in the Tanana Valley basin.

But are they really forest? These so-called "forested" acres include the summits of Mount McKinley, Foraker, Deborah, Hess, Hayes and half the Wrangell mountains. They contain all the north-flowing glaciers from these mountains. They contain all the rivers, sloughs, river bars, lakes and swamps in the Tanana Valley. They contain all



of Tanana Valley's bare uplands, all its millions of acres of tussocks and hummocks. Is including these acres as "forest" what the proponents of Senate Bill 310 call straight talk?

Seymour's "10 to 15 percent of that acreage" would harvest 2.9 million to 4.4 million acres. If we leave out the military and U.S. government acres (11.6 million), the total acres remaining in state and private hands are 17.5 million acres.

No accurate inventory exists of forest resources within this area. But we would be lucky if even one-third of that area, 6 million acres, is what foresters call "commercial forest" or what the normal citizen thinks of when someone says "forest" or "forest resources." To harvest "only 10 to 15 percent" is actually between 50 and 75 percent of the forest. Of course, the percentages to be cut would be even higher in the easily accessible areas, the areas people use along the roads and rivers.

Seymour is further quoted saying that "a thriving forest industry could create as many as 5,000 to 10,000

Putting aside their extravagant claims for new jobs, the proponents of SB 310 clearly envision a degree of logging that will result in massive deforestation of the Tanana Valley.

felling, transporting and processing jobs in the Interior."

Ron Ricketts, of Fairbanks Industrial Development Corp., who is acknowledged as a prime supporter and backer of Senate Bill 310, has stated that logging 100,000 board-feet a day, 4,100 acres per year would employ 100 people per year in felling, transporting and processing.

Using Seymour's low figure of "5,000 jobs" results in a forest cut of 200,000 acres per year. Using the proponents' own figures, this rate of cutting over the 40-year extended life of a forest management agreement would result in a total cut of 8 million acres!

They would have to cut every tree in the Tanana Valley not on the military reservations! And it takes these trees an average not of 40 years,

but of 100 years to grow back.

Putting aside their extravagant claims for new jobs, the proponents of SB 310 clearly envision a degree of logging that will result in massive deforestation of the Tanana Valley. Behind Senate Bill 310 is the idea to use the state forest as a gateway to the adjacent forested lands where cutting regulations are weak or nonexistent, such as the lands selected by the Mental Health Trust, by the university and by the Native corporations.

SB 310 has passed the Senate and is now in the House. The Democrats have offered a number of serious amendments and compromises: To put a limit on massive clear-cuts. To prevent hidden subsidies by state agencies. To require payment of fair market value by timber corporations. To protect multiple use. To protect

small loggers. To inventory the trees on hand before distributing these 20-year contracts to the multinationals. To do a simple cost-benefit analysis showing whether the state gains or loses from this bill.

Each of these amendments offered by the Democrats has been voted down by the Republican majority under the iron hand of the bill's sponsor, Sen. Steve Frank, who controls all bills coming through the Senate Finance Committee.

Should SB 310 pass the House it will provide the legal conditions to create massive clear-cuts in the Tanana Valley within the next 20 years. There is no reason to limit these clear-cuts to the Tanana Valley. Should SB 310 pass, they can happen throughout the state.

The inhabitants of the Tanana Valley and the state do not need another boom industry that cuts and runs in 20 years. We need a long-term, sustainable timber industry for the next 200 years.

We do not need a new law that gives out-of-state timber corporations and loggers the right to rapidly deforest the Tanana Valley and other areas of Alaska.

☐ Lane Thompson is a professional civil engineer who started work in Fairbanks as a surveyor in 1950.

Stop Humane Society

It is time to use Humane Society tactics! Write to major Idditarod sponsors and say, "Thanks for the support."



the Humane Society, which is against something?

Search me. The last time I looked, a positive plus a negative added up to a zero.

This is not to imply that any of these organizations is better than any other, or that any

DT: 5/3/94 PLEASE COPY TO ALL COMMITTEE MEMBERS
FR: Jim Sykes
TO: Rep. Ron Larson and House Finance Committee Members
RE: Testimony on SB310

My name is Jim Sykes, my residence is northeast of Talkeetna in the Susitna Forest. I am a candidate for Governor. I believe it is unwise for you to cut-out the public from testifying on SB310, which has enormous financial and natural resource implications. It looks to me like the bill also cuts out the public.

I believe you are headed for dangerous legal territory with SB310, and quite frankly I don't see the need for it. We do Comprehensive plans, coastal zone management plans and community plans to prioritize likely uses. I chaired a long community planning process for the 300 square miles of the Chase Comp Plan. Our forest is one of multiple uses, like most forests. This bill creates an unnecessary conflict with the already established planning process and prioritizes trees for commercial timber harvest. The proposed amendment to Section 5 should be stricken.

You should also be aware that where plans are in conflict, it triggers a higher level of review before industry can proceed. For example, if the federal government wants to do something that goes along with an existing management plan, only an Environmental Assessment may be required. If the project is in conflict with a plan, the National Environmental Policy Act kicks in and a full Environmental Impact Statement is required. This bill could actually create that kind of conflict.

Worse than that SB310 gives the DNR Commissioner almost god-like authority to develop whatever long term forest management agreements she or he feels like. It definitely shuts out the public process, where there is already not enough citizen participation. If you don't have an example of what an FMA is going to look like, you

shouldn't pass legislation giving full authority to the DNR Commissioner to figure it out in the absence of public process.

The worst part of this proposed system is that we are basically paying people to cut down our trees and cart them off. We lose in two ways--getting only 10 cents in return for every dollar spent, and the resource is gone. Former State Forester Ted Smith testified before the Chase Comp Plan committee that the Susitna Forest could not be profitable without subsidies for roads and bridges. It's time for the state to wise up and quit being the sucker for anything that sounds like economic development. We have to ask who benefits while the state pays. The fiscal note could be millions. Round logs could be exported to foreigners without restriction.

Section 2 c is one of those "One-size-fits-all" kinds of laws that won't work. Exempting a sale of a half million board feet in Southeast Alaska might be 20 acres, in my forest it might be 200 acres. Timber sales should be made on an as needed permit basis for sales lasting up to 5 years in length. All timber sales should have extensive public input from communities most affected before they are considered.

Several years ago the values of tourism, recreation and remote uses were figured to have a yearly financial benefit greater than cutting down and selling the entire Susitna Forest. We have a multiple-use forest where recreation is the primary benefit along with local loggers who historically cut from 500-1500 acres a year. Large FMA's cut out small time loggers who are adding value to the local economy instead of creating a few short-term jobs that the FMA's might create.

In summary, I hope you will make a wise decision and NOT PASS this legislation. It's not needed. If it ain't broke don't fix it--and it ain't broke.

DIVISION OF LEGAL SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

April 30, 1994

SUBJECT: Sectional Summary - HCS CSSB 310(RES) (Work Order No. 8-LS1558\D)

TO: Senator Steve Frank
Att: Rick Solie

FROM: Jerry Luckhaupt *JL*
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, please note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill - the bill itself is the best statement of its contents.

Section 1 of the bill amends AS 38.05.112 relating to forest land use plans by allowing isolated sales of 50,000 board feet or less to be sold without the adoption of a site-specific forest land use plan; by limiting the specific information from other agencies the commissioner must base land use plans upon; by limiting when the requirements of AS 38.04.065(b) must be considered in land use plans; and by requiring the commissioner to document any finding that commercial timber harvesting is an incompatible use in plans prepared under AS 41.17.230 and 38.04.065.

Section 2 of the bill amends AS 38.05.113(c) by providing that sales of timber under 500,000 board feet and emergency sales are exempt from the requirement of AS 38.05.113 that all sales must be reflected in the two five-year schedules of sales preceding the sale, if public notice of the small or emergency sale is provided. This section also provides a maximum amount of exempt sales for each region.

Section 3 of the bill amends AS 38.05 by adding a new section to provide that the commissioner of natural resources may enter into forest management agreements with persons so that the person may enter on state forest land and select, harvest, and regenerate timber. Detailed procedures for these forest management agreements are provided.

Senator Steve Frank
April 30, 1994
Page 2

Section 4 of the bill amends AS 41.17.060(c) relating to standards for the administration of state and municipal forest land. The addition of new paragraph (8) is merely a continuation of the reforestation requirement previously contained in AS 41.17.060(b)(4) which is repealed in bill sec. 9.

Section 5 of the bill amends AS 41.17.060 by adding a new subsection (d) which modifies the reforestation requirement as to private land previously contained in AS 41.17.060(b)(4) which is repealed in bill sec. 9.

Section 6 of the bill amends AS 41.17.200 to restate the primary purpose of state forests.

Section 7 of the bill amends AS 41.17.200 by adding a new subsection providing the commissioner of natural resources with direction for the management of state forests.

Section 8 of the bill provides a severability clause.

Section 9 of the bill provides a repealer.

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SAM BISHOP, Editorial Page Editor: 456-6661 (Ext. 2741)

FAIRBANKS

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Back the forest agreements

Proposals to quadruple the rate of timber harvest in the Tanana Valley predictably brought protests during the past few years from a limited community of interested people in Fairbanks. But Sen. Steve Frank's proposal this winter to mandate the leasing of forest land to large corporations drew outrage from a much broader group.

The burgeoning protest reflected concern about specific language in the bill that undermined public comment opportunities, sustained yield principles and multiple-use mandates.

Many of those objections to SB 310 were on target. But when Sen. Frank pruned the bill to address many of the problems, the protests didn't die.

The bill brings up a philosophical debate that tends to evoke strong opinions. Should natural resources be managed in such a way that favors use by individuals and small companies or use by national and multinational corporations? Alaska has seen its share of such debate, dating back to the battles over corporate fish traps on our rivers.

We decided against the fish traps, but that doesn't mean we should decide against corporate use of our timber. It seems the debate should not be over big vs. small, but over costs vs. gains. And the gains from well-designed forest management agreements appear to outweigh the costs.

Shutting down the corporate fish traps helped Alaskans more than it hurt because our individual residents could still tap the full potential of the resource. But the individuals and small companies using the Tanana Valley forest today aren't tapping its potential benefits. And neither are the few big operators that we do attract—they just load the whole logs onto railroad cars in Nenana and ship them to Japan. They have no incentive to invest in the kind of processing plants here that would return value to Alaskans.

Forest management agreements, with the associated processing plants, would help us tap the economic value our forests possess. Such value, which will become more important as our oil wealth declines, not only will be found in jobs and income to the state but also in more stable habitat for some of our more edible wildlife such as moose and hares. The balance should be positive as long as the state charges market-based fees for the timber, refrains from dabbling in subsidies and sets aside plenty of forest land outside the agreements for other users. We can enforce those conditions through the public process.

The quest for economic value cannot eclipse our foresight and responsibility to the land, though. Forest management agreements must be done right and contain a public process to ensure that they are. Frank's original bill didn't meet those standards. It advocated a timber cutting concept called "variable periodic output" that seemed to allow the sustained yield principle to be ignored simply to boost the forest's productivity. That was particularly worrisome because the bill also apparently exempted the state from inventorying trees under forest management agreements. The combined effect could be disastrous for certain forest types and wildlife habitats.

The Tanana Valley's few million acres of commercial-level forest are not the productive gardens of the Pacific Northwest. So we must be extra careful with forest management agreements on them. We need detailed inventories by forest type. Cutting must adhere to the sustained yield ideal within each of those types, with consideration for losses to fire, disease and man's encroachment.

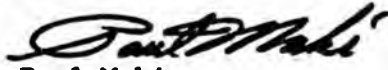
To a certain extent, we must trust that the Division of Forestry personnel will meet those goals. The revised SB 310 shouldn't prevent them from doing so. In fact, it may help them by creating the justification for inventory funding that they can't obtain now. And it offers a way that citizens can object if the goals are not met.

Our Haines Area Office sent me a list of the units cut under the Long Term Timber Sale Contract, and it also shows the acreages harvested within each of those units. It appears as Attachment #1. I've also included as Attachment #2 several hand-tabulated records showing volumes removed from specific units; some of the earlier units were not similarly recorded, however.

And finally you have asked for some information concerning expenditures relative to the Haines area activities. I am attempting to compile that information now and plan to have that information to you early this coming week. I would like to point out, however, that we are several years ahead on our sale layout work for the Long Term Timber Sale. Accordingly, we will not be filling vacant positions in Haines this field season. In fact, several of the positions will be moved to other areas within the State. Although our reorganization has not been finalized yet, we are contemplating operating in Haines with only two full-time and three seasonal positions this season.

I hope that this information answers your questions. And as I stated before, when I have the other information, I will pass it on to you.

Sincerely,



Paul Maki
Regional Forester

Attachment

604
308.