

SB

32

<TARGET><BILL>SB 32</BILL><SUBJECT>SB
32</SUBJECT><COMM>SRES29</COMM></TARGET>

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 1/30/15

FURTHER: Finance

Date of 5-Day Notice: 02/05/15
 (in accordance with Uniform Rule 23)

DATE TURNED
 IN TO OFFICE: 2/26/15

Resources Committee considered SENATE BILL NO. 32

SB 32 TIMBER SALES

"An Act relating to the sale of timber on state land; and providing for an effective date."

and recommends:

- be replaced with CS SB 32 (RES) Same Title New Title
- adopt previous CS _____ (_____) Same Title New Title
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
DNR			✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	DO NOT PASS	NO REC	AMEND
	Costello	✓			
	Wielechowski			✓	
	Cahill	✓			
	Micciche	✓			
	Stedman	✓			
	Stoltze			✓	
CHAIR:	Giessel	✓			

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Governor Bill Walker
STATE OF ALASKA

January 28, 2015

The Honorable Kevin Meyer
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Meyer:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to the sale of timber on State land. The bill would amend AS 38.05.110 and 38.05.118 to expand the authority of the Commissioner of Natural Resources to negotiate the sale of timber at appraised value.

The Department of Natural Resources (DNR) may offer timber sales either through competitive bid or through negotiation. Currently under AS 38.05.118, the Commissioner of Natural Resources may negotiate the sale of timber to a local manufacturer at appraised value. However, negotiated sales larger than 500,000 board feet may only be offered in areas of high unemployment, excess manufacturing capacity, and an underutilized allowable cut of timber. These criteria prohibit larger negotiated timber sales in many areas of the state that are actively managed for forestry, and where there is high demand for wood for timber products and biomass energy. The proposed bill would provide that, in addition to sales to local manufacturers of wood products, sales may also be negotiated with users of wood fiber. This change clarifies that negotiated sales may be used to support wood energy production as well as traditional products. In addition, the bill would eliminate the current limitations that negotiated timber sales be based on a finding that in the area of the sale there is a high level of unemployment, an underutilized manufacturing capacity, and an underutilized supply of timber that will lose value if not cut. The requirement that all three conditions be met substantially limits the Commissioner of Natural Resources' authority and flexibility to approve negotiated sales that would be in the best interest of the State.

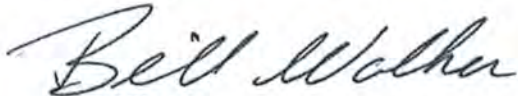
Competitively bid timber sales are the preferred sale method under most conditions. However, negotiated sales provide the ability to tailor some sales to the needs of local processors in areas that lack competitive interest or where there is competition from round log export markets in a region with a constrained timber supply. The latter situation exists in Southern Southeast Alaska where the State of Alaska is a small landowner compared to the Tongass National Forest, and the State of Alaska's full allowable cut is a critical source of logs for the remaining sawmills.

The Honorable Kevin Meyer
Bill Transmittal
January 28, 2015
Page 2

The provisions in the bill would enable the Commissioner of Natural Resources to better respond to the economic and geographic realities of the forest products sector in our state's economy. All timber sales, including negotiated sales, must comply with the constitutional requirement to manage State timber for sustained yield.

I urge prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script that reads "Bill Walker".

Bill Walker
Governor

Enclosure



Sectional Analysis

SB 32

"An Act relating to the sale of timber on state land; and providing for an effective date."

Sectional Analysis: Prepared by Chris Maisch, Director of Forestry

Section 1 amends: AS 38.05.110 to clarify that the commissioner determines which of the applicable sale methods is in the best interest of the state for each timber sale.

Section 2 amends: AS 38.05.118 to clarify that negotiated timber sales under this section do not have to comply with the restrictions on negotiated sales in AS 38.05.115 and the timber sale procedures for competitive sales in AS 38.05.120, but they do have to comply with the requirements for Forest Land Use Plans (AS 38.05.112) and Five-year Schedules of Timber Sales (AS 38.05.113). This exempts sales under .118 from limits on size and duration up to 25 years, but ensures that large negotiated sales are developed with adequate notice to the industry and general public, and necessary site-specific design. This section also clarifies that DNR may negotiate sales to wood fiber users, including biomass energy producers, in addition to wood product manufacturers.

Section 3 repeals: AS 38.05.118(c) which restricted negotiated timber sales under .118 to areas with high unemployment, underutilized manufacturing capacity, and either an underutilized allowable cut, damaged trees, or land to be converted to nonforest use. This change enables DNR to negotiate timber sales in all areas of the state. All timber sales are still subject to the constitutional requirement for sustained yield management.

Section 4 adds: a new section to the uncodified state law clarifying that the negotiated timber sale provisions (Sections 1, 2, and 3) apply to sales that occur after the effective date of the bill.

Section 5 establishes an immediate effective date for the negotiated timber sale provisions (Sections 1, 2, and 3).

MEMORANDUM

State of Alaska Department of Law

To: The Honorable Cathy Giessel,
Chair
Senate Resources Committee
State Capitol Room 427
Juneau, AK 99801

DATE: February 17, 2015

FILE NO.: JU201500022

TELEPHONE NO.: (907) 465-3600

FROM: Thomas Lenhart
Senior Assistant Attorney
General
Natural Resources Section
John "Chris" Maisch
State Forester
DNR, Division of Forestry

SUBJECT: Draft bills HB 87 and SB 32
amending provisions for state
negotiated timber sales

Draft Bills HB 87 and SB 32, which amend provisions for state negotiated timber sales, include a section with the following new language:

(c) If a sale of timber may be offered under multiple provisions of AS 38.05.110-38.05.123, the Commissioner shall determine under which of the applicable provisions to offer the timber consistent with the best interest of the state.

A question has been raised by both the House and Senate Resource Committees as to the possible interpretations of the phrase "consistent with the best interest of the state." More specifically, does including this phrase in the new section effectively require a formal finding of best interest for every timber sale?

Sections 38.05.110 – 38.05.123, to which this new section will apply, currently provide five different mechanisms for selling state timber. Each type of sale refers to "best interest" of the state. However, the language is different in each, with some sections requiring a formal

written finding of best interest and others making only a general reference to “best interest” of the state.

One general principle of statutory construction is that the more specific statute controls if a more general statute addresses the same point and there is any ambiguity. Here, the very specific language regarding “best interest” found within sections AS 38.05.110 – 38.05.123 takes precedent over the language proposed in this draft bill. Therefore, the phrase “consistent with the best interest of the state” should be interpreted by any court as only a general statement of best interest that does not affect the more specific language governing the particular sale. As such, the new phrase effectively has no meaning as the statute section for each sale type already addresses the requirements for “best interest.”

Given that the new phrase “consistent with the best interest of the state” has no legal effect but nevertheless may create some degree of ambiguity on the question of what is required to demonstrate “best interest” for any given sale, striking the phrase from the new section (c) is recommended in the interest of clarity. The recommended change is shown on the attached copy of HB 87.

Section 2 of this bill amends negotiated timber sales authorized under AS 38.05.118. The phrase “and upon a finding that the sale is in the best interest of the state” is being added to replace best interest language for this category of sale that is being deleted in Section 3 of the bill. This is an example of where the more specific provision requires the state to make a best interest finding, but the more generic language proposed in Section 1 of this bill would only require the Commissioner to generally act in the best interest of the state without the necessity of a specific finding of best interest. Confusion is best avoided by deleting the unnecessary best interest language in Section 1.

This recommended amendment in no way weakens or changes any of the Division of Forestry's public process for the sale of timber. As a review, our timber sale process begins with the identification of proposed sales in the Five Year Schedule of Timber Sales (FYSTS) AS 38.05.113 which is a notice document to the public, agencies and timber purchasers of our planned timber sale locations and size. This document is not a decision document and thus is not appealable.

Next in the process is the drafting of a Preliminary Best Interest Finding (PBIF). This document is noticed for both agency and public comment. All comments received are, analyzed, considered and responded to before the Final Best Interest Finding (FBIF) is drafted and published. This is an appealable document. If the BIF determines a timber sale should occur and after initiation of site specific preliminary work, a Forest Land Use Plan (FLUP) AS 38.05.112 is completed for the timber sale. This document is also open for public and agency comment and can modify the final sale layout. Comments received are responded to prior to the sale being offered under the timber sale authority identified in the BIF.

**A BILL
FOR AN ACT ENTITLED**

1 **"An Act relating to the sale of timber on state land; and providing for an effective date."**

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 * **Section 1.** AS 38.05.110 is amended by adding a new subsection to read:

4 (c) If a sale of timber may be offered under multiple provisions of
5 AS 38.05.110 - 38.05.123, the commissioner shall determine under which of the
6 applicable provisions to offer the timber.

7 * **Sec 2.** AS 38.05.118(a) is amended to read:

8 (a) Notwithstanding **AS 38.05.115 and 38.05.120, and upon a finding that**
9 **the sale is in the best interest of the state** [ANY OTHER PROVISION OF
10 AS 38.05.110 - 38.05.120], the commissioner may negotiate a sale of timber to a local
11 manufacturer **of wood products or a user of wood fiber** at appraised value. The
12 period of a contract for a sale of timber negotiated under this section may not exceed
13 25 years. The contract shall provide that the appraised value of timber remaining to be
14 harvested under the provisions of the contract shall be redetermined at least once every
15 five years.

New Text Underlined [DELETED TEXT BRACKETED]

- 1 * **Sec. 3.** AS 38.05.118(c) is repealed.
- 2 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section
to
- 3 read:
- 4 **APPLICABILITY.** Sections 1, 2, and 3 of this Act apply to sales of timber on
state
- 5 land made on or after the effective date of this Act.
- 6 * **Sec. 5.** This Act takes effect immediately under AS 01.10.070(c).



MEMORANDUM
Department of Natural Resources

STATE OF ALASKA
Office of the Commissioner

TO: The Honorable Cathy Giessel, Chair
Senate Resources Committee
State Capitol Room 427
Juneau, AK 99801

DATE: February 24, 2015

FROM: Director of Forestry, Chris Maisch
550 W. 7th Ave. Suite 1450
Anchorage, AK 99501-3566

TELEPHONE: 269-8431

SUBJECT: CS for Senate Bill 32

This document summarizes the proposed changes for SB 32.

Section 1, line 6, is amended by adding a new subsection to read:

(c) If a sale of timber may be offered under multiple provisions of AS 38.05.123, the commissioner shall determine the applicable provisions under which to offer the timber.

The wording "consistent with the best interest of the state." was deleted from the end of this sentence to remove any confusion about the need for a Best Interest Finding per our discussion in Committee during the first hearing of this Bill.

Briefing Paper: SB 32

Negotiated Timber Sales

February 3, 2015



DEPARTMENT OF NATURAL RESOURCES - DIVISION OF FORESTRY

OVERVIEW: This bill would expand Department of Natural Resources (DNR) authority to offer negotiated timber sales statewide.

Background: The Department of Natural Resources (DNR) may offer timber sales either competitively or through negotiation. However, negotiated sales larger than 500 thousand board feet may only be offered in areas with high unemployment, excess manufacturing capacity, and an underutilized allowable cut of timber. These criteria prohibit larger negotiated timber sales in many areas of the state that are actively managed for forestry, and where there is high demand for wood for timber products and biomass energy. This bill authorizes DNR to offer negotiated timber sales statewide within the limits of the sustained yield supply, and subject to a best interest finding.

Competitive bid timber sales are the preferred sale method under most conditions. However, negotiated sales provide the ability to tailor some sales to the needs of local processors in areas that lack competitive interest, or where there is competition from round log export markets in a region with a constrained timber supply. The latter situation exists in Southern Southeast Alaska where the state is a small landowner compared to the Tongass National Forest and the state's full allowable cut is a critical source of logs for the remaining sawmills. The state has long had a policy of balancing local jobs and manufacturing against the higher monetary returns of export timber sales. Local milling jobs and round log export businesses are both important to the region, but most state timber is currently sold for domestic use. All timber sales, including negotiated sales, must comply with the Constitutional requirement to manage state timber for sustained yield.

Proposed changes to Title 38 timber sale provisions: This bill would...

- Clarify that the DNR commissioner may determine which applicable sale method is in the best interest of the state for each timber sale (AS 38.05.110).
- Allow DNR to offer negotiated timber sales for up to 25 years statewide. Currently, such sales are restricted to areas of high unemployment, excess manufacturing capacity, and excess allowable cut, which limit them to remote areas.
- Specify that negotiated sales must comply with the requirements for Forest Land Use Plans (AS 38.05.112) and Five-year Schedules of Timber Sales (AS 38.05.113). This ensures that large negotiated sales are developed with adequate notice to the industry and general public, and necessary site-specific design.
- Clarify that DNR may negotiate sales to wood fiber users, including biomass energy producers, in addition to wood product manufacturers.

Review to date: The proposed changes implement recommendations from the final report of the Alaska Timber Jobs Task Force. The Board of Forestry unanimously endorsed the Task Force report with the caveat that any changes in forest management must continue to provide adequate protection for fish habitat and water quality, ensure reforestation of harvested land, and fully comply with the Alaska Forest Resources and Practices Act. The proposed bill complies with the Board's caveat.

ⁱREVIEW OF STATE TIMBER SALE TYPES

➤ **Competitive sales** (AS 38.05.120)

- No volume limit within allowable cut
- No duration limit
- Requires best interest finding, advertisement, and public notice
- Price determined by auction, but not less than base price
- This is the standard sale type. Use of negotiated sales is limited to the specific conditions listed below.

➤ **Small negotiated sales** (AS 38.05.115)

- Less than or 500 thousand board feet (This is roughly equivalent to 20 acres in SE, 125 acres in SC and 80 acres in the Interior)
- Less than or 1 year in duration.
- No more than one per purchaser each year.
- No best interest finding, advertisement, or public notice required.
- Price determined by fair market value appraisal and base price (11 AAC 71.092).

➤ **Negotiated sales for value added products** (AS 38.05.123)

- Up to 10 million board feet per year (100 million board feet total over 10 years).
- Up to 10 years.
- Requires best interest finding and public notice.
- Restricted to use for local manufacture that includes “high value-added” wood products. By statute, wood chips are defined as a “value-added” product rather than a “high value-added” product. Therefore, sales to supply a chip operation would not qualify for this type of sale.
- Operators must submit a business plan/operating plan for their processing facilities prior to negotiating a .123 sale. Processing facilities must be operational prior to harvesting timber sold under this authority.
- Requires best interest finding and public notice.
- State typically uses RFP process to select winning proposal, especially where there is competitive interest in state resources.

➤ **Negotiated sales for areas with high unemployment** (AS 38.05.118)

- No volume limit.
- Up to 25 years with reappraisal every five years.
- Limited to areas with unemployment $\geq 135\%$ of statewide average.
 - ❖ This sale type does not apply in the Mat-Su Borough or Fairbanks North Star Borough because their unemployment rates are close to the statewide average).
- Area must have underutilized manufacturing capacity.
- Must have underutilized allowable cut or salvage timber.
- Requires best interest finding and public notice.
- Price determined by fair market value appraisal and base price (11 AAC 71.092).

➤ **Personal use sales** (AS 38.05.850)

- Not for commercial use.
- No best interest finding, advertisement, or public notice required.
- Up to 10 thousand board feet per purchaser per year.
- Price determined by fair market value appraisal and base price (11 AAC 71.092).

ⁱ DOF Version 1.2

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version:	SB 32
Fiscal Note Number:	1
(S) Publish Date:	1/30/2015

Identifier: LL 0022-DNR-DOF-1-15-15
 Title: TIMBER SALES
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Natural Resources
 Appropriation: Land & Water Resources
 Allocation: Forest Management & Development
 OMB Component Number: 435

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates					
			FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By:	John 'Chris' Maisch, Director	Phone:	(907)451-2660
Division:	Division of Forestry	Date:	01/15/2015 12:00 AM
Approved By:	Mark Myers, Commissioner	Date:	01/16/15
Agency:	Department of Natural Resources		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Analysis

This bill would expand the conditions under which the state could offer negotiated timber sales under AS 38.05.110 and .118. Under the existing statutes, the Department of Natural Resources (DNR) may not offer negotiated timber greater than 500,000 board feet unless the sale area has high unemployment, underutilized manufacturing capacity, and an underutilized timber supply that will lose value due to insects, disease, fire, or conversion to nonforest uses. These criteria prohibit larger negotiated timber sales in many areas of the state that are actively managed for forestry, and where there is high demand for wood for timber products and biomass energy. This bill would allow DNR to offer negotiated sales statewide within the limits of the sustained yield supply, and subject to a best interest finding under AS 38.05.035.

While it is anticipated that for most timber sales, a competitive bid process will continue to be in the best interest of the state, this bill would enable DNR to better respond to the economic realities and geographic variability in the forest products sector in Alaska.

There are no short-term impacts on revenue, but over time, revenues should increase as the industry diversifies to address energy needs and demand for locally sourced wood products for communities. This legislation will not place any additional demands on the current operating budget and thus the zero fiscal note.



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Senator Dan Sullivan
Congressman Don Young
Governor Bill Walker

February 6, 2015

Senator Cathy Giessel, Chair
Senate Resources Committee
State Capitol
Juneau, AK 99801

RE: SB 32, Timber Sales

Dear Senator Giessel,

I am writing on behalf of the Resource Development Council of Alaska (RDC) to support passage of SB 32 "An Act relating to the sale of timber on state land; and providing for an effective date."

RDC is a statewide business association representing forestry, oil and gas, mining, tourism, and fishing industries. Our mission is to grow Alaska through responsible resource development. RDC supports policies aimed at ensuring a reliable and economical long-term State and federal timber supply.

In the decades since the State's timber sale authorizing statutes were last amended, the demand for wood fiber from State lands for energy purposes has increased significantly in response to escalating fuel oil costs and State capital investment through the renewable energy capital grant program. As a result wood fiber for biomass energy has grown into an important component of forest products from State timber sales.

What has also changed over the past decades is the dependence of our remaining Southeast Alaska mills on timber sales from State lands. In some circumstances negotiated State timber sales are essential in keeping what is left of our remaining manufacturing capacity operating.

RDC agrees with the administration, as articulated in Governor Walker's transmittal letter, that competitive timber sales are the preferred means of selling timber under most conditions. However some circumstances warrant the flexibility of offering negotiated sales at appraised fair market value in order to ensure a reliable supply of raw material to mills. The Department of Natural Resources (DNR) has a good track record of limiting its negotiated sales to those circumstances where it is clearly in the State's best interest, and the added flexibility afforded to the DNR Commissioner

by this surgical statutory revision will provide needed flexibility required by today's realities of timber supply and markets.

By giving the DNR Commissioner added flexibility in offering negotiated sales and clarifying that users of wood fiber are also eligible for negotiated sales, the State will have tools appropriate to conditions that frankly were not part of the timber supply landscape when State's timber sale statutes were last revised.

These amendments support recommendations of the 2012 Alaska Timber Jobs Task Force. The task force recommendations were developed with input from leaders in the timber industry and have been endorsed by the Alaska Board of Forestry.

RDC encourages the passage of SB 32 from committee.

Respectfully,

A handwritten signature in black ink, appearing to read "Rick Rogers", with a long horizontal flourish extending to the right.

Rick Rogers
Executive Director



VIKING LUMBER COMPANY, INC

Mile 6 Craig-Klawock Hwy, P.O. Box 670

Craig, Alaska 99921

P (907) 755-8880 - F (907) 755-8888

vikinglumber@aptalaska.net

February 9, 2015

Dear Members of the Senate Resources Committee,

I am writing in support of SB32 I have read the DNR briefing paper and the bill and I believe the proposed changes could be very important to the remaining timber industry in Alaska. Viking Lumber Company has been continuously operating on Prince of Wales Island for twenty years.

With the failure of the United States Forest Service to provide an adequate supply of timber, the state DNR has been extremely important in providing timber in critical times, some of which has been through negotiated sales. The passing of SB32 would help ensure that Viking Lumber Company would have a continuous supply of timber to keep the sawmill operating well into the future.

Sincerely,

A handwritten signature in cursive script that reads 'Kirk Dahlstrom'.

Kirk Dahlstrom

Secretary

Viking Lumber Company

Tanana Valley State Forest Citizen's Advisory Committee
PO Box 83783
Fairbanks, Alaska 99708

February 12, 2015

House Resource Committee
Senate Resource Committee

The Tanana Valley State Forest Citizen's Advisory Committee (TVSFCAC) supports passage of HB87 / SB32. This legislation will provide the mechanism for the Department of Natural Resources to respond more appropriately to changes and trends in forest products markets without violating our State Constitution regarding management of State lands on a sustained yield basis.

The TVSFCAC agrees with Governor Walker's statement: "Competitively bid timber sales are the preferred sale method under most conditions." However, negotiated sales provide another valuable option for State timber sale program managers. With passage of this bill, the DNR Commissioner will be allowed to offer longer term timber sale contracts and/or develop sales directed at specific clients when the terms of the sale are determined to be in the best interest of the State of Alaska.

This legislation will also eliminate the somewhat ambiguous criteria for high-volume negotiated timber sales. For example, the qualification of terms such as: "high local unemployment", "underutilized manufacturing capacity", and "underutilized timber supply" have been a source of administrative distraction when DNR has attempted to efficiently address the needs and concerns of the forest products industry in Alaska.

The TVSF Citizen's Advisory Committee strongly urges our Legislators to pass HB 87 and SB 32 in this session.

Sincerely,

Thomas Malone
Chair, TVSFCAC
tmalone@ptialaska.net

CC:

Bill Walker, Governor
Kevin Meyers, Senate President
Senate Resource Committee members
Mike Chenault, Speaker of the House
House Resource Committee members
Mark Myers, DNR Commissioner
Edmund Fogel, DNR Deputy Commissioner
John 'Chris' Maisch, State Forester
Marty Freeman, for the Board of Forestry

Dear Chairwomen Giessel,

During the hearing on SB32 in SRES last Friday, there was a question asked concerning values of export vs domestic logs and how the Division accounts for some of the intrinsic values of local jobs and manufacturing.

The first part of the question is relatively easy to answer and I asked my staff to analyze our timber sale data for Southern Southeast where there is an active market for both types of product. The second part of the question is more difficult to answer and put a "hard" number on, but here are some points for consideration:

☐ I went over our old sales and our different price lists for export logs compared to domestic logs and came up with an average difference of 35%. The export log value is generally 35 % higher than the domestic log value, but the range could be anywhere from 50% - 20% higher, depending on the species and the log quality.

- o Export log prices are delivered alongside the ship. There will be a stevedoring cost, but not a shipping cost overseas.
- o Domestic log values are based on delivery to a mill.
- o Neither price, export or domestic, covers log manufacturing costs.
- o Average export values have decreased over time, based on lower demand for high end quality logs.
- o If we sell a timber sale for export, then we would sell it as a competitive sale under 38.05.120.
- o For domestic processing, we sell our sales as negotiated sales, which allows us to require domestic processing of round logs.
- o Domestic sales have a higher intrinsic value than export sales, due to instate manufacturing, higher employment, residual value such as utilities, fuel, rent, food, etc. Any additional value to an export sale ends alongside the ship.
- o Our timber sale appraisal does not include manufacturing cost or values. It is strictly log value minus the cost of harvesting and delivering the logs to a mill or alongside a ship.
- o Typically, we don't quantify the value of local manufacturing, more jobs, trickle down value, or social value to the local communities. We have always assumed it has a higher value, based on figures computed from the Department of Labor and by other publications in the peer reviewed literature on this topic.

There was also a second question asked concerning the interpretation of "best interest" on lines 6 and 9 of the proposed legislation. I've been working with the Department of Law on this item and should have a written response to the Committee by the end of the week. I look forward to discussing the bill further at next Wednesday's hearing.

Chris Maisch
State Forester

Comments on 29th Legislature HB 87 and SB32

As a Certified Forester (CF # 568) and as a Certified Professional Soil Scientist (CPSSc #1709) and at the request of Mr. Joe Young of Young's Timber Inc., I have reviewed and now, provide my comments on HB 87 and SB 32 of the 29th Alaska Legislature, henceforth referred to simply as HB 87. My credentials include 23 years in Alaska on the faculty at the University of Alaska Fairbanks (currently Professor Forest Management Emeritus), 15 years in Coastal British Columbia with MacMillan Bloedel Limited as silviculturist. I have worked in the redwood forests through the coastal forests of Oregon, Washington, British Columbia (Mainland, Vancouver Island, Queen Charlotte Islands) Alaska (Prince of Wales, Haines, and Kenai Peninsula), Interior and Southcentral Alaska, as well as the Rocky Mountains, and the Northern Hardwood/Southern Boreal Forests of northwestern Wisconsin and the Upper Peninsula of Michigan.

My comments/recommendations:

- HB 87 should be delayed until next session or canceled:
 - a) until public hearings have been held in rural areas or areas where unemployment is high
 - b) where timber shortages, due to non-competitive causes exist should look at options within current statutes/regulations including AS 38.05.118c.
- HB 87 should have public hearings re: impacts on rural communities in terms of employment, resource management (timber disposal), and what are advantages and disadvantages, including 38.05.118c
- HB 87 appears to favor existing businesses and business structures and could encourage political cronyism, favoritism, reduction in competition, slow resource development by non-development interests.
- HB 87 could encourage collusion by competitors not bidding and then purchasers get timber contracts at minimum price—is this in the State's best interest? This occurred in Fairbanks area in the late 1970s.
- HB 87 provides opportunity for "stink" bidding or negotiated timber purchase price and then hold sale to prevent a competitor from purchasing and creating a shortage that may force the competitor out of business. The successful purchaser can delay action on harvest or give up contract when competitor has gone out of business. I have observed this in oral bidding outside of Alaska.
- HB 87 Sec 3 repeals AS 38.05.118c—this repeal is unsatisfactory because it eliminates emphasis on rural needs and development and now supports any situation—business in large communities, large companies at the expense of small or start-up companies, and even reduce State revenues from timber sales.
- HB 87 Sec 5: "This Act takes effect immediately..." Who has such an urgent need for timber, who has urgent need for low cost stumpage, who needs to be propped up financially? Why not wait until after 2016 Legislature adjourns (July 1 2016 fiscal year) to give all existing and potential producers an equal opportunity to study the ramifications and impacts.

With reference to the DoF briefing paper of 3 Feb 2015: HB 87 Negotiated Timber Sales:

- Contrary to the first paragraph, AS 38.05.118c provides that negotiated sales can be "(b) an underutilized timber manufacturing capacity; and (c) an underutilized allowable cut of state timber". The paragraph then states, "These criteria prohibit larger negotiated timber sales in many areas of the state that are actively managed for forestry, and where there is high demand for wood for timber products and biomass." This documents the existence of competition. Competition establishes the market value and the best value for the State. This is supported in the next paragraph.
- Paragraph 2 states, Competitive bid timber sales are the preferred sale method under most conditions." In the next sentence it is stated "...to tailor some sales to needs of local processors in areas that lack competitive interest..."—if there is no competitive interest, sale can be sold as OTC (over-the-counter)—the issue is moot.
- Page 2 lists limitations and not all possible ways to use:
 - Page 2 is based on/copied from 7 Mar 2011 document, ENCOURAGING VALUE ADDED TIMBER PROCESSING OF STATE TIMBER, presented by Rick Rogers page 2 (http://housemajority.org/coms/hres/27/hb105_bill_packet_20110309.pdf)
 - Under competitive sales there is no mention of OTC sales based on no bid.
 - Negotiated Sale for value added: "Restricted to... 'high-value-added' wood products. By statute, wood chips are defined merely as 'value-added' product rather than a 'high-valued-added' product. Therefore, sales to supply a chip operation would not qualify for this type of sale." Why is this used as argument to require Statute change when "chips for in state use for heat, power, and densified wood" can be included by regulation to implement the value-added law adopted in 1998 and 2005 including "Add shakes to the list of products that qualify as high value-added products" (DoF Fact Sheet: Timber & Value-Added Processing

October 2005 (<http://forestry.alaska.gov/pdfs/vafacts.pdf>). Also note: reference is made to “high value-added wood pellets and wood pellet logs” in “PRELIMINARY BEST INTEREST FINDING AND DECISION FOR A LONG TERM VALUE ADDED NEGOTIATED TIMBER SALE NC-1591-F ADL – 420346 December 1, 2014”—in which regulation are pellets and pellet logs added into ‘high value-added’ (<http://aws.state.ak.us/OnlinePublicNotices/Notices/Attachment.aspx?id=97793>). Incidentally, fiber can be delivered to densified wood plant in round log or chip form.

--Definition of high value-added and value-added from AS 38.05.123j:

(1) "high value-added wood product" means interior finish paneling, trim molding, flooring, doors, windows, cabinet stock, furniture, musical instruments or parts of instruments, toys, tools and implements, ready-to-assemble building kits, veneer, plywood, finger-jointed lumber, faced house logs, dissolving pulp, engineered wood products, paneled wood products, kiln-dried lumber, and other similar finished wood products as determined by the commissioner to have received processing beyond sawing and planing that adds high value to the wood product;

(2) "other value-added wood product" means round house logs, chips, green lumber, flitches, cants, rough planks, and other similar wood products as determined by the commissioner." -

Based on precedents set out above, the Commissioner can include without statutory changes “chips for in state use for heat, power, and densified wood products” as “high-value-added” products.

--Negotiated Sales...with high unemployment: This is a statutory exception to general statutes/regulations to specifically support job creation in areas of high unemployment and should not be removed at the expense of rural areas where unemployment is high compared to more cosmopolitan areas where unemployment is lower.

What really needs to be done rather than continuing the patch-up effort of minor changes here and there as demonstrated by HB 87 and SB32, the entire forest management (authority excepted) needs to be rewritten. Statutes, and regulations) should be rewritten into one concise, complete document with minimal redundancies, standardization of terms and units, and avoid the need for having to check back to other references and statutes. For example, in the case of units: tonnage is it green, oven-dry (bone dry), cords, cubic feet, board feet and ultimately species (e.g., cu. ft. of paper birch ways more than a cu. ft. of white spruce but a cu. ft. of black/spruce ≠ white spruce ≠ Sitka spruce). Standardize such units. Make sure conversion factors are correct. Is it regeneration or reforestation? Provide good definitions for technical terms. And most of all make the rewrite document understandable.

In rewriting, modern concepts and definitions need to be included, e.g., ecosystem management on a site specific basis, biomass that looks at reality (woody fiber that does not include foliage), decentralization so that site specific forestry can be practiced by locally knowledgeable professionals.

Edmond C. Packee

Edmond C. Packee, Sr., Ph.D.
Certified Forester #568

Young's Timber Inc.'s Comments on HB 87 & SB32 29th Legislature
DRAFT NOTES

- *HB 87 should be delayed until next session or canceled
- *HB 87 should have public hearings re: impacts on rural communities in terms of employment, resource management (timber disposal), what are advantages and disadvantages,
- *HB 87 appears to favor existing businesses and business structures including political cronyism, favoritism, reduction in competition—slow resource development asked for by environmentalist in return for pipeline support,
- *HB 87 appears to encourage collusion by non-bidding and then purchasers gets timber contract at minimum price—is this in the State's best interest? This occurred in Fairbanks area in the 1970s.
- *HB 87 provides opportunity for "stink" bid or non-bid timber supply and hold it to prevent a competitor from purchasing and creating a shortage that may force the latter out of business. The successional purchaser can delay action on harvest or give up contract when competitor is gone.
- *HB 87 Sec 3 repeals 38.05.118c—this repeal is unsatisfactory because it eliminates emphasis on rural needs and now supports any situation—business in large communities, large companies that could reduce State revenues from timber sales.
- *HB 87 Sec 5: This Act takes effect immediately...” Who has an urgent need for timber, who has urgent need for low cost stumpage, who needs to be propped up financially? Why not wait until January 2016 or later to give all producers to determine how to address this opportunity or problem?

Young's Timber Inc.'s Comments on Current Forestry Statutes & Regulations
and
Recent Timber Sales
DRAFT NOTES

Green HighLight YTI comments
No color Statute or Regulation text
Yellow HighLight Highly Important Statute or Regulation text
Red Text Important Statute or Regulation text

- AS 38.05.110 requires considerable rewriting throughout: it needs modernization, much new data/concepts now available; DoF does not appear to know what new information exists, how to use new and existing information, or simply ignores information. Existing statutes not clear—e.g., where is “use” of timber receipts account defined?
- AS 38.05.110 needs modernization i.e., incorporate ecosystem management (ecosystems units need to be based on vegetation and geomorpholog [surficial landforms, bedrock when shallow, soils] at the local area as well as general area and stand level within a sale's boundary. This means area managers must be familiar with their area (on the ground)—generalizations/broad brush approach don't work.
- AS 38.05.110b—timber receipts account—it should go back into the tree-growing resource such as regeneration, site preparation, site rehabilitation, seed/seedling production—currently, appears able to be used for anything—overhead, funding, high level bureaucrats/staff, meetings such as 2015 Annual Meeting at Alyeska Resort. Can legislature appropriate/divert money for other uses from this account.
- AS 38.05.110b: “timber receipts account for implementation of state timber disposal program by the department...” certainly timber is not being gotten rid of—dictionary definition: “the action or process of throwing away or getting rid of something”. The forest resource is highly valued.
- AS 38.05.112a: “The department may not authorize the harvest of timber, except for harvests of 10 acres or less or timber salvaged from land cleared for a nonforest use, until a site-specific forest land use plan has been adopted.” For large area sales (500-1000+ acres) how uniform is the site? But State does not delineate ecosystems with in sale unit until just before harvesting begins. This not good management from the State's perspective and from the potential purchasers' perspective the State uses the caveat, “Buyer Beware”. **Site-specific** suggests an adequate professional description (not generalities) of each specific unit
- AS 38.05.112b: forest use plan—these range from good to barely adequate; this needs to be addressed to provide direction—what is included. Incidentally DNR Land Plan for Tanana River valley update draft was pathetic (an embarrassment)—shows that DNR does not know what is going on in the State.
- AS 38.05.112b “In adopting a forest land use plan, the commissioner shall consider the best available data, including information provided by other agencies.” Material provided by AkDGGS not commonly used; nearby Canadian data including data overlapping into AK rarely if ever used
- AS 38.05.113. Five-Year Sale Schedule.

(a) Every two years, the department shall prepare a five-year schedule of timber sales planned on all land managed by the department. –How will this be achieved without the Toak Area office except in a mediocre way. The timber sale schedule must provide a time line that identifies timber sales, their volumes, and their locations and must contain sufficient information to provide the public and the forest products industry with a basis to comment on proposed sale offerings. Currently, info for industry to make decision ranges from excellent to poor (lack of manpower)>

(b) Except as provided in (c) of this section, a proposed sale may not be held unless it has been included in one of the two five-year schedules immediately preceding the sale.

(c) Sales of 160 acres or less and emergency sales are exempt from the requirements of this section. 11AAC 71.010 states “An emergency sale is a sale of timber that the director finds must be made on an expedited to: avoid loss of market value of damaged timber or timber threatened insects, create fire breaks, reduce fuel loadings, reduce spread of insect infestations.” These are service efforts

- **AS 38.05.115. Limitations and Conditions of Sale.**

(a) ...The limitations, conditions, and terms [of sale] shall include the utilization, development, and maintenance of the sustained yield principle, subject to preference among other beneficial uses. The commissioner may negotiate sales of timber or materials without advertisement and on the limitations, conditions, and terms that are considered to be in the best interests of the state. This could stifle competition and local development/economy. Within a one-year period, the commissioner may not negotiate a sale without advertisement to the same purchaser of

(1) more than 500 M.B.M. or equivalent other measure of timber Need to expand to tons for biomass and cordwood;

(b) Negotiated sales not exceeding 50 M.B.M. or the equivalent other measure of ... exempt from the provisions of AS 34.15.150 Need to expand to tons for biomass and cordwood;

- **AS 38.05.118. Negotiated Sales.**

(a) Notwithstanding any other provision of AS 38.05.110 - 38.05.120, the commissioner may negotiate a sale of timber to a local manufacturer at appraised value. The period of a contract for a sale of timber negotiated under this section may not exceed 25 years. The contract shall provide that the appraised value of timber remaining to be harvested under the provisions of the contract shall be redetermined at least once every five years. “Local” not defined. “Manufacturer” not defined does manufacture mean cutting into logs, sawmill, cordwood operation, densified wood fuel, it should mean more than simply cutting timber into logs for export out of the “local area.”

(b) Notice of intent to negotiate a contract authorized by (a) of this section shall be given in accordance with AS 38.05.945 .

(c) A sale of timber may not be negotiated by the commissioner under this section except on a finding that, within an area proximate to the business site that the manufacturer may economically serve, there exists, or will exist within two years, “area proximate to the business site” not defined

(1) a high level of local unemployment; rural areas have high unemployment, less job diversification, fewer high paying jobs, less government infrastructure than urban areas (Fairbanks-North Pole, Anchorage-Wassilla, Soldotna-Kenai)

(2) an underutilized timber manufacturing capacity; and (this should include additional integration and documented expansion effort—e.g., YTI already integrated expansion will include YFL&P that increases to full utilization of fiber—best deal for the state.)

(3) an underutilized allowable cut of state timber, timber that will lose substantial economic value due to insects, disease, or fire, or timber to be cleared for the conversion of land to nonforest uses.

- AS 38.05.120. Disposal Procedure

...the commissioner may impose conditions, limitations, and terms considered necessary and proper to protect the interests of the state. This may be a vehicle to add silvicultural activities (site preparation, planting) to the purchasers sale price—such practices are usually done at the landowners expense and the contractor is paid. Precedents found: Tin Timber Sale (SC-1502 M) and the Copper Timber Sale (SC-06-04 M) at (http://forestry.alaska.gov/pdfs/pdfs/Notice_of_Sale_April_2010.pdf): these sales previously sold in Mat/Su; “Contract includes scarification requirements. Planting costs will be a state responsibility.” “Performance bond of \$2,000.00 and a Scarification bond based on \$125.00/ acre will be required as detailed in the contract.” Also, for the Mat/Su area OTC sales (http://forestry.alaska.gov/pdfs/matsutimber/2015/OTC_List%20010615.pdf) has scarification bond of \$125.00-\$127.84 per acre. At <http://forestry.alaska.gov/pdfs/06TinProspectus.pdf> Tin Prospectus Bonds: “Scarification Bond. A scarification bond will be deposited with the State prior to commencing operations. The scarification bond will be based on \$125.00/acre. The amount of the scarification bond at a minimum will equal the acreage harvested and unscarified times \$125.00/ acre. The purchaser will deposit a scarification bond based on the operating plan’s total proposed harvest acreage prior to starting the season. The purchaser will maintain the bond to reflect the acres to be harvested in the operations plan as it changes during the period of this contract. The State will seasonally determine the adequacy of the scarification completed by the purchaser and will reduce the scarification bond held proportional to the acreages actually scarified.” Does last statement really mean that if scarification not required State will still hold bond?

Mat/Su Borough (23.20.140 GENERAL CONTRACT PROVISIONS FOR TIMBER, SALVAGE OR NON-TIMBER FOREST PRODUCT SALES, LEASES, OR PERMITS) refers to a reforestation or scarification bond (A)(5).

How does DoF determine site prep cost per acre? Where is transparency? What is scarification standard [adequacy] (% surface scarified/mineral soil)? Choice of method? (roller chopper vs disk-trencher vs part of skidding effort [all over the ground vs. skid trails] vs. prescribed burning [use of fire suppression crews])

Example: Tok DoF (25-yr sale = \$80/acre,) Mat/ Su (standard fee \$125-127.84); Bristol Bay Native Association Forest and Fire Management Plan For Native Allotments in the Bristol Bay Region of Alaska May 21, 2014 (<http://www.bbna.com/landres/forestry/2014%20BBNA%20Forest%20and%20Fire%20Management%20Plan%20for%20Native%20Allotments.pdf>) (page 39) = \$100-150/acre). Are these real costs/acre?—if so then biomass at 60 tons/acre at \$2.50/ton green has an additional \$1.33 to \$2.08 for an effective stumpage rate of \$3.83 to \$4.58 stumpage rate. With other costs and risks, the price is excessive and the sale becomes unbidable.

AS 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;

AS 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.

AS 41.17.055. Powers and Duties of the State Forester.

- (a) The state forester 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. Red Fox
- (b) The state forester 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 state forester 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
- (e) In the administration of this chapter, the state forester shall consult with and draw upon the expertise of interested organizations, enterprises, individuals, government agencies, educational institutions, and landowners. The state forester may enter into cooperative agreements and contracts with them to carry out this chapter. They refused YTI input on reforestation—arrogance?
- (f) The state forester shall locate department personnel with forestry expertise throughout the state to facilitate public access to professional management services and other forest resources programs. Closing Tok and centralizing contravenes this; professional support 2-2.5 hours away; lack of knowledge of unique area, even inventory of Tanana Vally separates Tok out as different

AS 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; What about nearby Canadian information? No surficial geology information, landform information except broad generalizations. Are simple (non technical soil data gathered e.g., thickness of organic horizon, rooting depth, loess over gravel, upper Tok fan deposit)
 - (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;
 - (3) administration of forest land shall consider marketing conditions and other economic constraints affecting the forest landowner, timber owner, or the operator; then why is foliage included in biomass sales?
 - (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
- (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; stocking levels/targets must be something than bare minimum and based on management objective for the site
 - (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; this is largely ignored in Northway 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; what is meant by merchantable timber? Does this include biomass?
 - (5) there may not be significant impairment of the productivity of the land and water with respect to renewable resources does bare minimum or stocking standards for sawlog meet standards for other objectives other than for sawlogs—no!
 - (6) allowance shall be made for scenic quality in or adjacent to areas of substantial importance to the tourism and recreation industry; firebreaks and clearcuts in Northern Region out of sight from highways are not of substantial importance to tourism and most recreation. Scattered low quality leaves trees—are they aesthetically pleasing and to whom?

AS 41.17.080. Regulations.

- (a) The state forester may adopt regulations necessary to accomplish the purposes of this chapter under AS 44.62 (Administrative Procedure Act) regarding forest practices such as (AS 44.62 is long, legaleze, this should be more specific—pointing to specific section/paragraph)

AS 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.
- (c) Before beginning operations on municipal or private forest land or on state land not managed by the division, 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 the deputy commissioner, 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 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 deputy commissioner 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.

AS 41.17.100. Deployment of Broadcast Chemicals.

Note use of the word "ecosystem"

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. "state's forest ecosystem" suggests State of Alaska recognizes ecosystem concept—but apparently ignores concept in on-the-ground management

AS 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 seedling acquisition and cultivation, planting, and other reforestation measures, timber stand improvement, and the development, of materials and techniques for the reforestation of state land. So why the charge for site preparation in 25-yr sale—this seems to suggest site preparation State's responsibility once timber is disposed of =/removed

AS 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

(b) Money appropriated to or paid into the state land reforestation fund does not lapse. Questions: money ever and recently appropriated? What about AS 38.05.110b—timber receipts account is this where they belong/should belong.

AS 41.17.320. Report.

The commissioner shall prepare an annual report 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. The commissioner shall notify the legislature within the first 10 days of each session of the legislature that the report is available. You, member of public want to see these.

AS 41.17.900. Applicability of Chapter; Relationship to Other Law.

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

(c) The state forester 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.

(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 et seq. (Alaska Native Claims Settlement Act), This needs to be interpreted for villages and Tetlin

AS 41.17.905. Independent Authority.

With respect to matters governed by this chapter, the deputy commissioner does not have supervisory authority over the state forester. So who does he report to officially?

AS 41.17.910. Wildlife Habitat On Private Land.

(a) The deputy commissioner and the state forester 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 deputy commissioner 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.

AS 41.17.950. Definitions.

9) "glacial," with respect to a water body, as used in the phrases "glacial high value resident fish water body" and "glacial anadromous water body," means that, under normal conditions, a water body receives significant surface flow from a glacier; "glacial," with respect to a water body, includes a water body that receives a mix of glacial water and water from other sources;

11) "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;

(12) "nonglacial," with respect to a water body, as used in the phrases "nonglacial high value resident fish water body" and "nonglacial anadromous water body," means that, under normal conditions, a water body does not receive significant surface flow from a glacier;

(15) "ordinary high water mark" means the mark along the bank or shore up to which the presence and action of the tidal or nontidal water are so common and usual, and so long continued in all ordinary years, as to leave a natural line impressed on the bank or shore and indicated by erosion, shelving, changes in soil characteristics, destruction of terrestrial vegetation, or other distinctive physical characteristics;

(21) "Region II" means all land in the state south of the Nutzotin Mountains and Mentasta Mountains, south of the Alaska Range, and east of the Aleutian Range, except for the area within Region I and peninsular and island land south of Cape Kumliun;

(22) "Region III" means all land in the state outside of Regions I and II;



February 25, 2015

The Honorable Cathy Giessel, Chair
Senate Resources Committee
State Capitol, Room 427
Juneau AK, 99801

Re: Support for Senate Bill 32 -Timber Sales

Dear Senator Giessel:

The Alaska Chamber is an organization dedicated to improving the business environment in Alaska. The Chamber represents hundreds of businesses from Ketchikan to Barrow that share a common goal: to make Alaska a viable and competitive place to do business. Alaska's forests have provided generations of economic opportunity for Alaskans through the harvest of timber. The Chamber supports Senate Bill 32 (SB 32), an act relating to the sale of timber on state land.

The Chamber supports policies aimed at ensuring a reliable and economical long-term State and federal timber supply. Use of federal forests for renewable resource extraction continues to be challenging despite the tremendous size of the two federal forests within Alaska's borders. It is important that the State maximize opportunities in its forests to enable the small forest products industry in Alaska to continue.

The 2012 Alaska Timber Jobs Task Force was created to develop recommendations for the Governor regarding the management of State forest resources and further economic development and jobs for Alaskans from timber harvest. The recommendations by the Task Force were developed with input from leaders in the timber industry, and have been endorsed by the Alaska Board of Forestry. The amendments proposed in SB 32 support these recommendations.

We support the State's efforts to responsibly manage and develop Alaska's resources in support of a diverse and healthy business environment. On behalf of Alaska's business community, thank you for your efforts to ensure that Alaska's management of its resources are responsive to modern markets.

Sincerely,

A handwritten signature in black ink that reads 'Rachael Petro'.

Rachael Petro
President and CEO