

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

5003 HRES SB 112

575

S B

112

LIST

should renumber the sections:

1. PURPOSE (unnumbered)
2. FMA's (500)
3. PLANS (530)
4. NOTICE (510)
5. REQUIREMENTS (550)
6. CREDITS (570)
7. MOST QUALIFIED (520)
8. BEST INT. FINDING (540)
9. INCREMENTAL VOLUME (580)
10. EXTENSIONS (560)
11. OTHER AUTHORITIES (590)

PURPOSE

FOREST MGMT AGMTS.

PLANS

NOTICE OF PROP'D AGMT

REQTS OF FMA

CREDITS

MOST QUAL'D BIDDER

BEST INT. FINDING

EXTENSIONS

INCREMENTAL VOLUME

OTHER AUTHORITIES.

HOUSE COMMITTEE REPORT

(9)

Date referred: 3/13/87

FURTHER REFERRALS: Finance

DATE: 5-4-88

The Resources Committee has considered CSSB 112 (Res)

"An Act relating to forest management agreements."

RECOMMENDS:

- replace with HCS CSSB 112 (Res) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: Hs. Res letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact 2
- zero fiscal note
- zero with analysis
- same as previous fiscal note published _____
- same as previous zero fiscal note published _____

SIGNING DO PASS:

[Signature]

[Signature]

[Signature]

SIGNING OTHER RECOMMENDATIONS:

[Signature] - no rec -

[Signature] - No Rec.

[Signature] No Rec

[Signature] (no rec)

[Signature] (no rec)

[Signature]
Chairman's signature

Original sponsors: Jones and Sturgulewski

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 112 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to forest management agreements."

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

8 * Section 1. AS 36.30.850(b) is amended by adding a new paragraph to
9 read:

10 (14) agreements for the management of state timber under
11 AS 41.17.500 - 41.17.640.

12 * Sec. 2. AS 41.17 is amended by adding new sections to read:

13 ARTICLE 5A. FOREST MANAGEMENT AGREEMENTS.

14 Sec. 41.17.500. PURPOSE. (a) The purpose of AS 41.17.500 -
15 41.17.640 is to authorize the commissioner to enter into forest man-
16 agement agreements that may include provisions for the development of
17 a forest products plant and facilities or services such as refor-
18 estation, road construction and maintenance, recreation improvements,
19 and fish and wildlife habitat protection, monitoring of activities
20 under a forest management agreement, and the enforcement of terms,
21 conditions, and laws protecting other beneficial uses of state land.

22 (b) A forest management agreement must provide for consideration
23 of other existing beneficial uses of forest land in an agreement under
24 AS 41.17.500 - 41.17.640.

25 (c) A forest management agreement may

26 (1) relieve the state of some of the administrative respon-
27 sibility of developing and managing a timber sale;

28 (2) provide for the long-term management of state timber,
29 creating stability for the forest products industry, and incentives

1 for the responsible use of state timber; and

2 (3) provide an operator with a stable source of timber from
3 a designated area on the basis of successive renewals of contractual
4 rights.

5 (d) The provisions of AS 41.17.500 - 41.17.640 do not affect the
6 obligation of an operator to comply with state laws or regulations on
7 environmental conservation, timber practices, fish and game, or any
8 other resource or use of a resource.

9 Sec. 41.17.510. FOREST MANAGEMENT AGREEMENTS. (a) The commis-
10 sioner may, after consultation with the commissioners of environmental
11 conservation, fish and game, and commerce and economic development and
12 with affected municipalities, enter into an agreement for the
13 management of the forest resources of the state under AS 41.17.500 -
14 41.17.640.

15 (b) A forest management agreement is subject to each applicable
16 state and federal law and regulation in effect on the effective date
17 of the agreement and to all laws and regulations adopted after the
18 effective date of the agreement.

19 Sec. 41.17.520. PLANS. (a) A forest management agreement
20 entered into under AS 41.17.500 - 41.17.640 must be consistent with
21 the Alaska coastal management program, an area and a management plan
22 adopted by the commissioner under AS 38.04.065, and a land classifi-
23 cation adopted by the commissioner under AS 38.05.300. A management
24 plan that allows forest management agreements must include

25 (1) an inventory of human uses and renewable and nonrenew-
26 able resources in the area;

27 (2) location, type, and duration of access for forest
28 management;

29 (3) operable timber base areas that may be harvested;

1 (4) annual allowable cut as determined by the commissioner;
2 (5) silvicultural prescriptions;
3 (6) possible facility development;
4 (7) area-specific management practices or prescriptions
5 needed in addition to forest practices regulations and best management
6 practices to protect or enhance fish and wildlife habitat and harvest,
7 public recreation, water quality, and other significant public or
8 private resources and uses of the area.

9 (b) Before the commissioner enters into a forest management
10 agreement, a bidder selected under AS 41.17.560 shall submit a master
11 plan for implementation of the proposed forest management agreement, a
12 five-year operating plan and an annual harvesting plan for the first
13 two years of operation. The commissioner shall prepare a plan for
14 administrative oversight of the forest management agreement in consul-
15 tation with other affected state agencies. The master, operating,
16 harvesting, and administrative plans are subject to agency and public
17 review under AS 41.17.570.

18 (c) Each year the operator shall prepare and the commissioner
19 shall review and shall approve, reject, or require a revision of an
20 annual harvesting plan. During the term of a forest management agree-
21 ment the operator shall annually update the master plan and five-year
22 operating plans subject to the approval of the commissioner.

23 Sec. 41.17.530. NOTICE OF INTENT TO DEVELOP AN AGREEMENT. After
meeting the planning requirements under AS 41.17.520(a) and before a
forest management agreement is offered for bid under AS 41.17.560, the
commissioner shall publish notice under AS 38.05.945 of the intention
to consider a forest management agreement for an area. The commis-
sioner shall provide written notice to private property owners within
and adjacent to the proposed agreement area and shall hold public

hearings in affected communities.

Sec. 41.17.540. REQUIREMENTS OF FOREST MANAGEMENT AGREEMENT.

(a) A forest management agreement for the harvest of state timber under this section must provide for

(1) the term of the initial agreement, not to exceed 20 years, and the conditions for an extension of the term under AS 1.-17.600;

(2) the stumpage prices to be charged for the timber and a periodic review and, if appropriate, adjustment of the stumpage prices;

(3) the penalties for the violation of the terms of the agreement and provisions for termination of the agreement under (d) of this section;

(4) an annual update of the master and operating plans;

(5) public use of state land involved in the forest management agreement, except that the commissioner may limit access in an area that is being harvested or where hazardous conditions exist;

(6) the protection of multiple uses, such as mining, recreation, and fish and wildlife habitat and harvest;

(7) performance and payment bonds from the purchaser to protect the interests of the state;

(8) specific mitigating measures and monitoring plans to protect water quality;

(9) protection of state-owned land within a minimum of 100 feet of rivers, lakes, or streams to provide soil stability, protect fish and wildlife habitat, water quality, and other important uses although more state land may be protected as determined in the master plan, the five-year operating plan, or the annual harvesting plan;

(10) provisions to protect or enhance areas of high public

value other than timber;

(11) the maximum annual allowable cut as determined by the commissioner;

(12) the maximum and minimum development requirements as determined by the commissioner;

(13) the preclusion of a contractor under a forest management agreement from bidding on timber sales of 5,000,000 board feet or less under AS 38.05.115;

(14) the preparation of reports required by the commissioner; and

(15) other terms, conditions, and limitations determined to be in the public interest by the commissioner.

(b) The commissioner shall establish by regulation the requirements of a forest management agreement for access, development, harvest, management, the contents of plans required under AS 41.17.520(b), and reforestation of timber.

(c) A forest management agreement may require the purchaser to

(1) enter into a reimbursable services agreement with the state for monitoring and enforcement of the terms and conditions of the agreement and applicable state law;

(2) compensate the state for the scaling services required to account for the timber sold;

(3) construct and maintain roads required for the harvest of timber by the agreement; and

(4) designate a percentage of the timber volume to be subcontracted to a small operator; the commissioner shall make the final designation from areas included in the operating plan.

(d) A forest management agreement entered into or extended under AS 41.17.500 - 41.17.640 must contain a requirement that the operator

1 comply with the terms of the forest management agreement and AS 41.-
2 17.500 - 41.17.640 and must contain conditions under which the agree-
3 ment may be terminated or subject to other penalties including a cease
4 and desist order, a fine, a reduction in the allowable cut, location
5 or cutting periods, or other remedies as determined by the commis-
6 sioner on a finding that the operator has not complied with the terms
7 of the agreement or with state law.

8 Sec. 41.17.550. CREDITS. (a) In a forest management agreement,
9 the commissioner may provide, subject to (c) of this section, for
10 contractor credit against future stumpage payments due under the
11 forest management agreement. A credit against future stumpage is not
12 transferable between contractors or between sales and may not be paid
13 in cash. A credit may not exceed the value owed to the state. A
14 credit against future stumpage payments may be granted for the

15 (1) loss of roads and drainage structures that
16 (A) have future value to the state; and
17 (B) are lost through an act of God not due to negli-
18 gence on the part of the contractor;

19 (2) construction that
20 (A) does not directly contribute to the management or
21 harvest of timber resources such as recreation improvements;
22 (B) was not included in the initial agreement or its
23 extensions; and

24 (C) is reviewed by affected agencies and authorized in
25 advance by the commissioner; or

26 (3) additional silviculture treatments beyond those re-
27 quired in the agreement reviewed by affected agencies and authorized
28 in advance by the commissioner.

29 (b) The commissioner shall provide public notice under

AS 38.05.945 before granting a credit under (a)(2) or (3) of this section.

(c) The grant of credit against future stumpage payments under this section may be made under the following procedures:

(1) the commissioner shall submit a report to the Legislative Budget and Audit Committee on the credit that is proposed to be granted;

(2) 45 days shall elapse before the grant of the credit unless the Legislative Budget and Audit Committee recommends that the grant of credit be made;

(3) if within the 45-day period the Legislative Budget and Audit Committee recommends that the commissioner not grant the credit, the commissioner shall again review the proposed grant of credit; if the commissioner decides to grant the credit after further review, the commissioner shall provide a statement of the commissioner's reasons for granting the credit before the grant of the credit is made.

Sec. 41.17.560. MOST QUALIFIED BIDDER DETERMINED. (a) The commissioner shall determine the most qualified bidder for a forest management agreement based on minimum qualifications established for bidders in regulations and in a multiple variable bid process. In reviewing bids received the commissioner shall consider

(1) the stumpage payments proposed by the bidder;

(2) the amount of the investment in plant and facilities proposed by the bidder;

(3) the forest resource utilization standards proposed by the bidder;

(4) the number of jobs to be provided by the bidder;

(5) road construction, reforestation, and recreation improvements requested by the commissioner;

1 (6) measures proposed by the bidder to maintain, enhance,
2 or mitigate the effects on other beneficial uses or resources of
3 forest land; and

4 (7) other items requested by the commissioner or offered by
5 the bidder.

6 (b) Before requesting bids or accepting applications, the com-
7 missioner shall adopt regulations detailing the bidding procedure and
8 the method of determining the most qualified bidder.

9 Sec. 41.17.570. REVIEW AND PUBLIC NOTICE. Before the commis-
10 sioner enters into or extends an agreement or makes a finding under
11 AS 41.17.580, the proposed agreement, the proposed best interest
12 finding under AS 41.17.580, and each plan prepared under AS 41.17.-
13 520(b) and (c) shall be reviewed by the commissioners of environmental
14 conservation, fish and game, and commerce and economic development and
15 by affected municipalities. The commissioner shall provide public
16 notice under AS 38.05.945 before adopting the best interest finding,
17 the proposed agreement, the master plan, the five-year operating plan,
18 and the annual harvesting plan and shall hold appropriate public
19 hearings.

20 Sec. 41.17.580. BEST INTEREST FINDING. Before the commissioner
21 enters into or extends an agreement, the commissioner shall issue a
22 written finding that the proposed agreement or extension is in the
23 best interest of the state. The finding shall include an analysis of
24 the social, economic, and environmental effects of the proposed agree-
25 ment or extensions.

26 Sec. 41.17.590. INCREMENTAL VOLUME AVAILABLE. If allowed in an
27 agreement, at any time during an agreement the commissioner may make
28 incremental volume available to the contractor if the commissioner
29 determines that forest management by the contractor has increased the

1 annual allowable cut consistent with the other objectives of the
2 agreement.

3 Sec. 41.17.600. EXTENSIONS OF FOREST MANAGEMENT AGREEMENT. (a)
4 Each five years of the agreement, either during or after the initial
5 term of the agreement, the commissioner may extend the forest manage-
6 ment agreement if

7 (1) the term of the extension does not exceed five years;

8 (2) the contractor submits a proposed operating plan for
9 the next five years of operation and amends the master plan for the
10 forest management agreement, as the commissioner considers necessary;
11 and

12 (3) the commissioner, after review of existing and proposed
13 operations and consultation with the commissioners of environmental
14 conservation, fish and game, and commerce and economic development,
15 and with other affected agencies and municipalities finds that the
16 operator has complied with AS 41.17.500 - 41.17.640 and the terms of
17 the forest management agreement.

18 (b) Before extending a forest management agreement, the commis-
19 sioner shall

20 (1) adopt a best interest finding under AS 41.17.580; and

21 (2) provide public notice under AS 38.05.945 and hold
22 appropriate public hearings.

23 Sec. 41.17.610. ACCOUNTING. The commissioner of administration
24 shall separately account for money received under this section that
25 the Department of Natural Resources deposits in the general fund. The
26 annual estimated balance in the account may be used by the legislature
27 to make appropriations to the department to carry out the purposes of
28 AS 41.17.500 - 41.17.640.

29 Sec. 41.17.620. OTHER AUTHORITIES UNAFFECTED. The provisions of

AS 41.17.500 - 41.17.640 do not affect the authority of

(1) the Department of Fish and Game, the Board of Fisheries, or the Board of Game under AS 16 or AS 41.99.010;

(2) the Department of Environmental Conservation under AS 46.03; or

(3) state agencies and municipalities under AS 44.19.-145(a)(11) and AS 46.40.100.

Sec. 41.17.630. EXEMPTION. Agreements for the management of state timber under AS 41.17.500 - 41.17.640 are exempt from AS 36.30.

Sec. 41.17.640. DEFINITIONS. In AS 41.17.500 - 41.17.640

(1) "annual harvesting plan" is a site specific plan that identifies on maps locations of roads and harvest units, gives estimated volumes by species, miles of road to be constructed, facilities to be constructed and mitigating measures for protection of other associated resources, and provides details of management such as engineering, silviculture, enhancement projects for fish and wildlife habitat, and protection of water quality in a forest management agreement;

(2) "area plan" means a regional land use plan adopted under AS 38.04.065 that is developed to provide management direction for the multiple-use of the forest resources of the state, prepared by the department, and involves interagency and public participation;

(3) "five-year operating plan" is a description of management and harvest activities over a five-year period that may include the general location of units, roads, volumes to be harvested, and necessary improvements in a forest management agreement;

(4) "management plan" means a regional land use plan adopted under AS 38.05.065 that makes more detailed allocation decisions, gives more detailed guidance for management than an area plan, is

1 prepared by the department, and involves interagency and public par-
2 ticipation;

3 (5) "master plan" means a general resource use plan to
4 provide direction for the harvesting of timber and management of other
5 resources in a forest management agreement; and

6 (6) "small operator" means a timber business that

7 (A) employs an average of 25 or fewer full-time equiv-
8 alent employees;

9 (B) is not owned, in whole or in part, by the operator
10 under a forest management agreement; and

11 (C) is not controlled by contract or agreement by the
12 timber operator.

13 * Sec. 3. AS 38.05.120 is amended by adding a new subsection to read:

14 (b) The commissioner may also dispose of timber under AS 41.17.-
15 500 - 41.17.640.
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21
22

FISCAL NOTE

REQUEST:

Revision Date: 4/25/88
Title: "An act relating to Forest Management Agreements"
Sponsor: Jones & Sturgulewski
Requestor: Resources Committee

Agency Affected: Environmental Conservation
BRU: Environmental Quality
Components: SERO, SCRO, NRO

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-0-	40.5	61.6	61.6	61.6	61.6
TRAVEL	-0-	6.0	9.0	9.0	9.0	9.0
CONTRACTUAL	-0-	3.0	4.5	4.5	4.5	4.5
SUPPLIES	-0-	2.0	3.0	3.0	3.0	3.0
EQUIPMENT	-0-	1.0	1.5	1.5	1.5	1.5
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	52.5	79.6	79.6	79.6	79.6
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	52.5	79.6	79.6	79.6	79.6
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	52.5	79.6	79.6	79.6	79.6

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	2.0	3.0	3.0	3.0	3.0
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS : (Attach a separate page if necessary)

See Attachment

Prepared by: Douglas R. Redburn, Chief WOM Phone: 465-2653
Division: Environmental Quality Date: 4/28/88

Approved by Commissioner: Dennis D. Kelso Date: April 28, 1988
Agency: Environmental Conservation

Distribution (by preparer):

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

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

HCSCSSB112 ANALYSIS

The fiscal note includes funding for Department of Environmental Conservation participation in the development of the terms of forest management agreements on state lands. These tasks are:

- (1) early involvement in developing management practices and other mitigating measures to ensure water quality protection;
- (2) assistance to Department of Natural Resources (DNR) staff in developing monitoring programs to evaluate the effectiveness of management practices in protecting water quality and other beneficial uses of state forested lands;
- (3) participation on state agency interdisciplinary teams responsible for designing timber sales;
- (4) review of five-year operating plans and annual harvesting plans and review of the finding of the Commissioner of DNR.

The fiscal note breaks down costs within the Division of Environmental Quality. All costs are associated with "upfront" involvement in developing forest management agreements and do not include costs associated with field monitoring and enforcement. The fiscal note includes funds for two permanent, part time positions in FY 89, one position located in each of the Southeast and Southcentral Regional Offices. A third permanent, part time position is included in the Northern Regional Office beginning in FY 90. These positions would each work six months of the year.

The Division of Environmental Quality (DEQ) must review forest land management plans and agreements for both state and federal lands. These reviews are normally assigned to the Division's regional offices. Currently, one position in each region is largely responsible for reviewing up to 150 dredge and fill permits, miscellaneous land use permits, timber plans, and other items, as well as conducting field assessments for these projects. Current staffing levels do not allow for the review of all projects and plans. In particular, the Division has a low level of involvement in implementation of the State Forest Practices Act. The projected workload for reviewing the provisions of the forest management plan and operating plans submitted under AS 41.17.520 would require additional part-time staff. It is expected that the demands would initially be highest in the Southeast and Southcentral Regional Offices given the amount of forested state lands in these areas and the interest in forest product industries in the Matanuska-Susitna Valley.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Forest Management Agreements
Sponsor: Jones & Sturgulewski
Requestor: _____

Agency Affected: Dept. of Fish & Game
BRU: Habitat, Game, Commercial Fisheries, Sport Fisheries, FRED and Subsistence Div.
Components: GF or other funds

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	103.2	103.2	108.2	108.2	113.2	113.2
TRAVEL	5.0	5.0	5.5	5.5	5.5	5.5
CONTRACTUAL	7.0	7.0	7.5	7.5	7.5	7.5
SUPPLIES	1.0	1.0	1.5	1.5	1.5	1.5
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	116.2	116.2	122.7	122.7	127.7	127.7
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	116.2	116.2	122.7	122.7	127.7	127.7
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	2.25	2.25	2.25	2.25	2.25	2.25
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Bruce Baker *Bruce Baker*
Division: Habitat Division

Phone: 465-4105
Date: 5/02/88

Approved by Commissioner: *Donnell*
Agency: _____

Date: 5.3.88

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Line 100

HB III	12 mo	52.8
GB II	6 mo	23.4
FB II	6 mo	17.4
CT III	4 mo	<u>9.6</u>

Total 103.2

Line 200

Travel to areas proposed for/or under FMAs
in the Susitna Basin, Kodiak Archipelago,
Interior Forest, Yakutat/Icy Bay, and
SE Alaska.

5.0

Line 300

Telephone, xerox	2.0
Blair Charter- monitoring and entering FMAs, data collection	5.0

Total 7.0
1.0

Line 400

Total 116.2

FISCAL NOTE

REQUEST:

Revision Date: 3/5/87
Title: An act relating to Forest Management Agreements
Sponsor: Jones
Requestor: House Resources

Agency Affected: Natural Resources
BRU: Forest Management
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

An agreement with a timber operator could provide savings to the State and reduce manpower needs, while at the same time providing a long-term commitment of timber to private enterprise

Prepared by: James L. McAllister
Division: Forestry

Phone: 465-7401
Date: 5/2/87

Approved by Commissioner: [Signature]
Agency: Natural Resources

Date: 1-12-88

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)



Alaska State Legislature

HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

POUCH V
JUNEAU, ALASKA 99811
(907) 465-3715

LETTER OF INTENT HCS CS SB 112 (Resources)

It is the intent of the legislature in enacting this Act to encourage the Governor to have a task force review the Forest Practices Act. The task force should include representatives from the timber industry, fishing groups, and environmental groups. Staff from the departments of Fish and Game, Natural Resources, and Environmental Conservation should work with the task force on the Forest Practices Act.

Handwritten signature of Sam Cotten.

Rep. Sam Cotten
co-chair House Resources

Handwritten signature of Adelheid Herrmann.

Rep. Adelheid Herrmann
co-chair House Resources

PUBLIC PROCESS IN
PROPOSED HCS CSSB 112 (Res)
[4/30/88]

<u>Statutory requirement</u>	<u>Agency/public involvement</u>
*1. Public land and resource planning (41.17.520(a))	DNR prepares/revises an area and management plan, considering all resource values and providing for public and agency involvement.
*2. Notice of intent to develop FMA (41.17.530)	Before proceeding with bidding, DNR announces general intent, possibly in response to industry interest. Other agencies will have concurrence authority. Public hearings.
*3. FMA requirements and contents (41.17.540-550,590)	The generic FMA must contain a variety of protections. These are in the statute and should be refined in regulations.
4. Selection of a bidder (41.17.560)	DNR accepts FMA proposals in response to a bid.
5. Bidder prepares FMA plans (41.17.520(b))	The selected bidder proceeds with detailed master, operating, and harvest plans.
*6. Public and agency review. (41.17.570-580)	Proposed FMA plans, agreement, and interest finding go out for public review, including hearings, municipal review.
*7. Final contract. (41.17.510,580)	DNR may enter into the agreement if it serves the interests of the state and if other state agencies concur. (30-day public notice required under 38.05.945 for competitive disposals of interest.)
*8. Extensions. (41.17.590-600)	The FMA can be extended with a new interest finding, public review, and agency concurrence.

* = a step involving significant public or interagency involvement or notice.



Official Business

COMMITTEE:

As. Res.

DATE: May 3, 88

SIGN-IN

Subject of meeting:

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
BALISS R	119 SEWARD # 10	586-6813	E. P.	HB 524
Dan Easton	P.O. Box C Juneau, 99801-1800	465-2440	ADEC	CSHB 524
John Danker	1803 B St. Juneau 99801	546-4465	self	SB 112 Yes
Phil Bennett	419-6th St., Ste 323	546-2751	Siering Club Legal Defense Fund	HB 524 Yes
Karl Ohts	P.O. Box V. Juneau	465-4922	Sen. Zhang FF	SB 309 If needed
Rick Lauber	321 Highland Dr. Juneau	526-6366	Pacific Seaford Processors Assn.	SB 309 if needed.

1. Example / Witness Register

CONVERSION FACTORS FOR METRIC TO ENGLISH UNITS.

1 Hectare = 2.471 Acres

1 Cubic Meter = 35.31 Cubic Feet = 140 Board Feet Scribner

The Forest 2000 Programme

Guidelines for developing Finnish forestry and the forest industries

TIIVISTELMÄ: METSÄ 2000-OHJELMA

The Forest 2000 Programme. Guidelines for developing Finnish forestry and the forest industries. Tiivistelmä: Metsä 2000-ohjelma. *Silva Fennica* 20 (1):35-44.

The Forest 2000 Programme is a long-term programme for forestry and the forest industries. It attempts to obtain a better integration of timber production and other forms of forest use. The total annual cut is to be increased by 15 mill. m³ by the year 2010. This is almost one third greater than the level during the first few years of the 1980's. In order to achieve the cutting targets, the cut area will have to be increased by almost a third by the turn of the century. The area of thinnings will experience the greatest increase. Considerable changes are proposed in silvicultural and basic improvement work. According to the programme, the growth of the raw-material base and the consumption of the wood-based products will permit an annual increase of about 3 % in the production of the forest industries as a whole until the end of the century. This would be the same as the target growth rate of the GNP.

Metsä 2000-ohjelma on metsä- ja puutalouden pitkän aikavälin ohjelma. Siinä pyritään sopeuttamaan entistä paremmin toisiinsa puuntuotanto ja metsien muut käyttömuodot. Vuoteen 2010 mennessä on tavoitteena metsien vuotuisen hakkuumäärän suurentaminen 15 milj. m³:llä eli lähes kolmanneksella 1980-luvun alkuvuosiin verrattuna. Hakkuutavoitteiden saavuttamiseksi on hakkuupinta-aloja suurennettava. Voimakkaimmin kasvaa harvennushakkuiden ala. Metsänhoito- ja perusparannustöihin esitetään huomattavia muutoksia. Ohjelman mukainen raaka-ainepohjan kasvu ja metsäteollisuustuotteiden käytön kehitysnäkymät mahdollistavat arvion mukaan koko metsäteollisuuden tuotannon nostamisen vuosittain noin 3 prosentilla vuosisadan loppuun saakka. Se olisi sama kuin yleisestä tavoitteeksi asetettu bruttokansantuotteen kasvuvauhti.

Key words: Timber production, cutting targets
ODC 905.2:72:83:916

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Approved on 26. 2. 1986

The task and organization of the programme

The Forest 2000 Programme sub-committee was appointed by the Economic Council on the 21st of February 1983. The task of the sub-committee was to draw up a long-term programme for forestry and the forest industries. The sub-committee consisted of a group of executive representatives from various important interest groups, as well as a working

committee subordinated to it. Working groups for silviculture and forest management, for timber procurement, for the development of the forest industries, and for the multiple-use of forests were set up by the sub-committee to procure the information for drawing up the programme.

The elements of the programme

Alternative analysis was used in defining the cutting and timber production targets of the programme, and in determining the development prospects of the wood-processing industry. This meant that the most important environmental factors, such as trends in the demand for products of the forest industries and the overall effect of the multiple-use of forestry, could be taken into account in the

profitability calculations carried out for the comparison. The goals of the Forest 2000 Programme were finalised on the basis of the results of the alternative calculations. As well as defining the goals, an attempt was made to develop the economic, industrial and forest policy instruments needed to achieve these goals.

Methods

A modified version of the MELA forest calculation programme, recently developed by the Finnish Forest Research Institute and the Department of Forest Mensuration (University of Helsinki) was used in designing the cutting and timber production programme. In the first stage, MELA simulated the management options for the stands, and the development of the stands when managed accordingly. In the second stage, the programme assembled from these management alternatives a cutting and timber production programme implementing the cutting removal or other targets set for the management of the forests.

When preparing the different options available to the Forest 2000 Programme, the forest calculation programme was used both for defining the combination of measures de-

signed to produce the desired removal, and for determining the development of the growing stock and the removal achievable through a particular combination of measures. At the same time, an attempt was made to ensure that the achieved solution was also economically optimal.

The analysis of the cutting and timber production options also included a profitability comparison of the different alternatives. Cost-benefit analysis was used in the comparison. The result showed that as the cutting removal increased, the profitability only improved if industry was able to utilize all the roundwood which became available. At least this was the case when sustained yield management was practised, i.e. where the cutting potential did not decrease in the future.

The objectives of the programme

The starting point when practising a forestry and wood-based economy is to increase the prosperity of society through the exploitation of the forests. The most important aims of forest policy are: 1) support for the general targets of economic policy, 2) balanced development of the different forms of forest use, 3) complete utilization of the productive capacity of forest land, 4) economic viability of the measures applied, 5) matching the timber assortment structure and volume of timber utilized with the cutting potential, and 6) the creation of conditions favourable for viable forest-based industries.

Considerable investments were made in silvicultural and basic improvement work in Finnish forestry during the 1960's and 1970's in order to increase timber production. As a result, the annual cutting potential has increased since the middle of the 1950's by 13–14 mill. m³. At the same time, the use of

wood as fuel and the export of roundwood have considerably decreased. Timber imports have correspondingly increased. Although industrial wood raw material consumption has more than doubled, the overall trend in the annual cut has slightly decreased. An increasing proportion of the cutting potential has remained unexploited since the middle of the 1960's. The difference between the annual allowable cut and total removal, mainly in the form of large-dimensioned spruce and non-coniferous cordwood, has over the years been about 10 mill. m³/a. This is equivalent to a good 15 % of the potential cut.

Following the objectives and factors outlined above, the main emphasis in the Forest 2000 Programme is directed at increasing the level of cuttings. At the same time, attention is paid to the role of silvicultural and basic improvement work in increasing timber production.

The multiple-use of forests

The programme attempts to obtain a better integration of timber production and other forms of forest use. The total value of all the subsidiary forest products was, at the beginning of the 1980's, approximately 10 % of the value of the timber cut annually along long-distance transport routes. The area of forest land reserved mainly for protection and recreational use totals 1.7 mill. ha. This area is expected to increase by only about 0.1–0.2

mill. ha by the year 2000.

Multiple-use applications are expected to decrease the annual cutting potential by a total of 2.2 mill. m³ (3–4 %) by the year 2000. The programme notes that more attention should be paid to the needs of multiple forest use, in addition to timber production, both in planning and in the measures employed in forestry.

Cutting and timber production targets

The removal targets of the Forestry 2000 Programme, i.e. the targeted amounts of roundwood harvested from the forests, are presented in Table 1 and Fig. 1.

The total annual cut is to be increased by 15 mill. m³ by the year 2010. This is almost one third greater than the level during the first few years of the 1980's. Achieving this

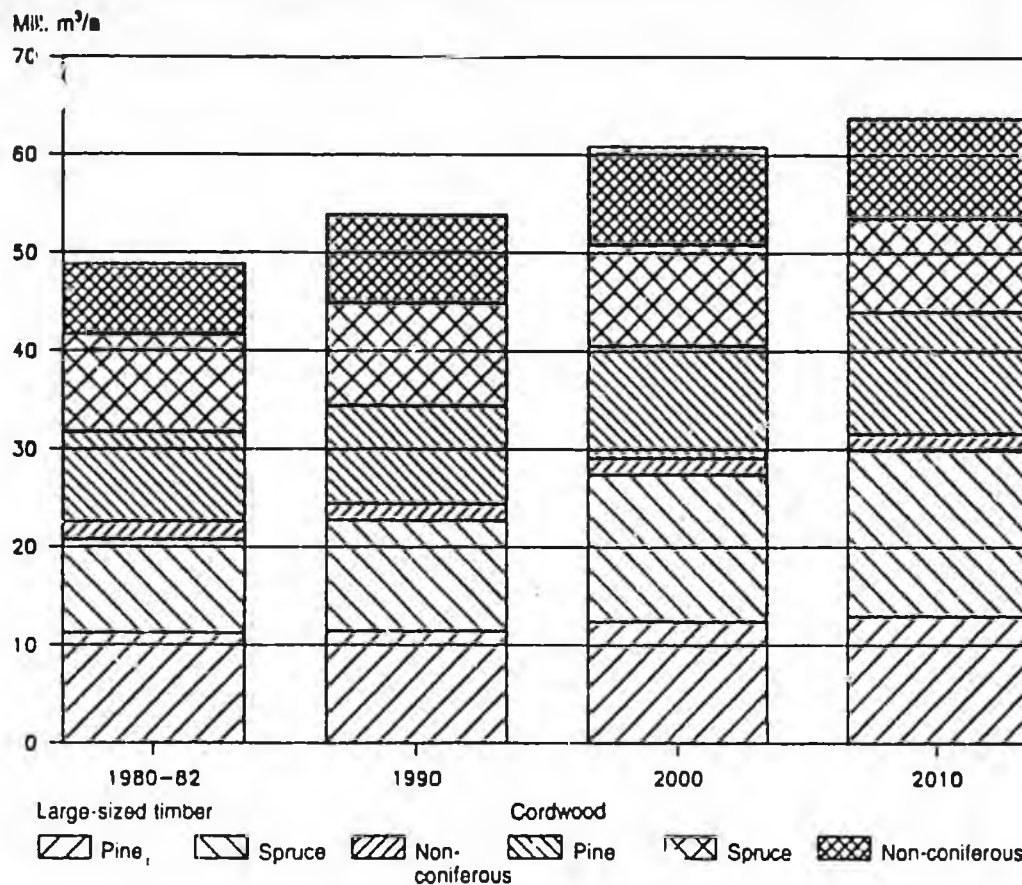


Fig. 1. The removal targets of the Forest 2000 Programme. The cut can be increased annually by 650 000 m³ until 2000. Almost half of this increase is large-sized sprucelogs, and a third pine and non-coniferous cordwood.

Table 1. The removal targets of the Forest 2000 Programme.

Type	Implemented 1980-82	Targets		
		1990	2000	2010
mill. m ³ /a				
Total	48.8	54.0	61.0	64.0
Pine	20.5	21.5	24.0	25.5
Spruce	19.4	21.8	25.3	26.5
Non-coniferous	8.9	10.7	11.7	12.0
Of which:				
Large-sized timber	22.6	24.5	29.2	31.7
Pine	11.3	11.5	12.5	13.0
Spruce	9.5	11.3	15.0	17.0
Non-coniferous	1.8	1.7	1.7	1.7
Cordwood	26.2	29.5	31.8	32.3
Pine	9.2	10.0	11.5	12.5
Spruce	9.9	10.5	10.3	9.5
Non-coniferous	7.1	9.0	10.0	10.3

goal presupposes that the cutting potential is exploited to a greater extent than was the case during the 1970's and 1980's. Half of the increase in cuttings would be large-sized spruce logs and a fifth deciduous cordwood. Cuttings of these timber assortments have decreased during the past few years. The cutting targets of other timber assortments, apart from large-sized hardwood logs, are also to be increased. In order to achieve the cutting targets, the area cut will have to be increased by almost a third by the turn of the century (Fig. 2). The annual area of thinning will experience a considerable increase (70 %).

Considerable changes are proposed in silvicultural and basic improvement work (Figs. 3 and 4), e.g. the proportion of natural regeneration will be increased in forest regeneration work. A start has already been made on this part of the programme. Site preparation and the cleaning of regeneration areas will

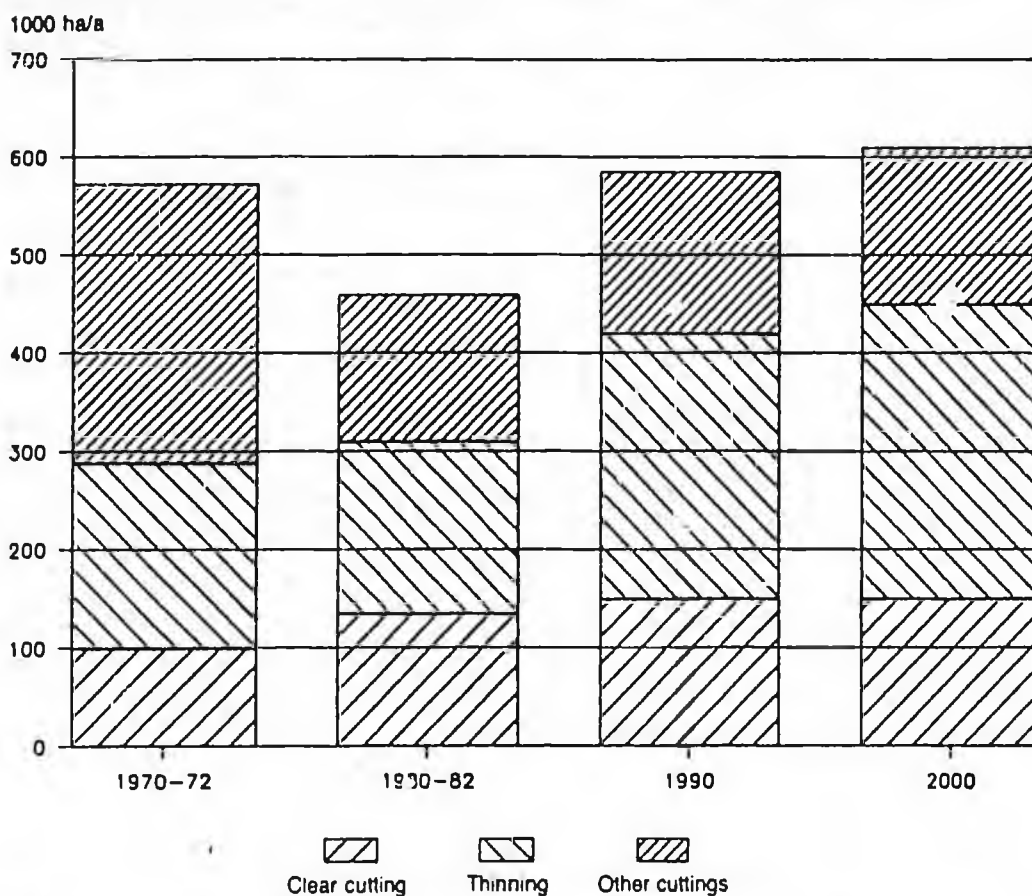


Fig. 2. The cutting areas of the Forest 2000 Programme. The area of the annual cut will increase by almost a third from the present level. The main emphasis is on thinnings, but the area of regeneration cuttings will also increase.

increase to some extent; a technology less harmful to the environment will be used on these sites. Artificial regeneration will see a slight shift from planting to sowing. The greatest changes will occur, however, in basic improvement work. All new drainage work is to be completed before the end of the century. The amount of redrainage, which includes ditch cleaning and supplementary drainage, should triple by the year 2000. The level of forest fertilization is expected to double. It is also proposed that the pruning of standing trees be increased.

The calculations indicate that the programme will lead to a 20-30 % increase in the costs of silvicultural and basic improvement work by the end of the century, and an in-

crease of about 10 % in state-funded forest improvement work.

If the targets of the programme can be implemented in their proposed form, then the volume of the growing stock will increase by about 10 % and the annual increment by about 20 % by the year 2020 (Fig. 5). The growing stock will change from its present composition to one that is more pine dominated.

The fact that the cutting and timber production targets are also presented in the programme by area (by forestry board district) will presumably assist in the planning the implementation of the programme on a regional basis.

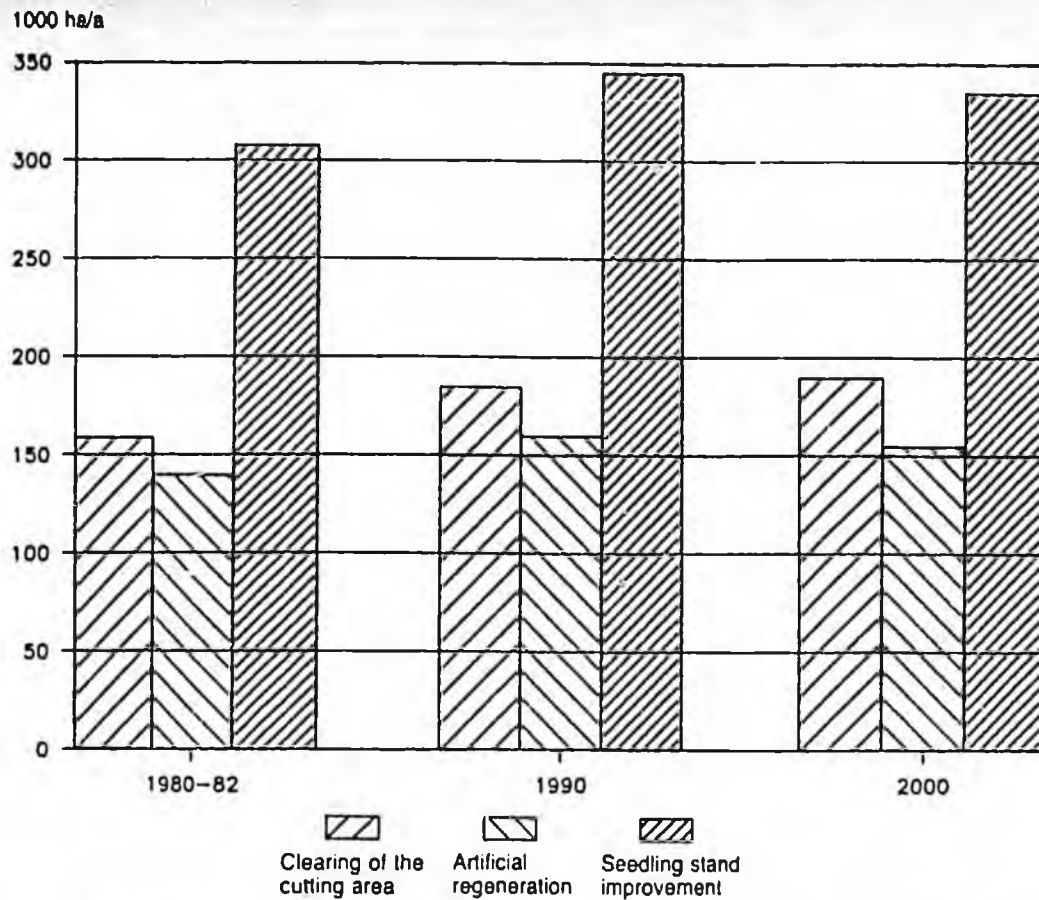


Fig. 3. The silvicultural targets of the Forest 2000 Programme. The need for silvicultural work will increase slightly from the present level.

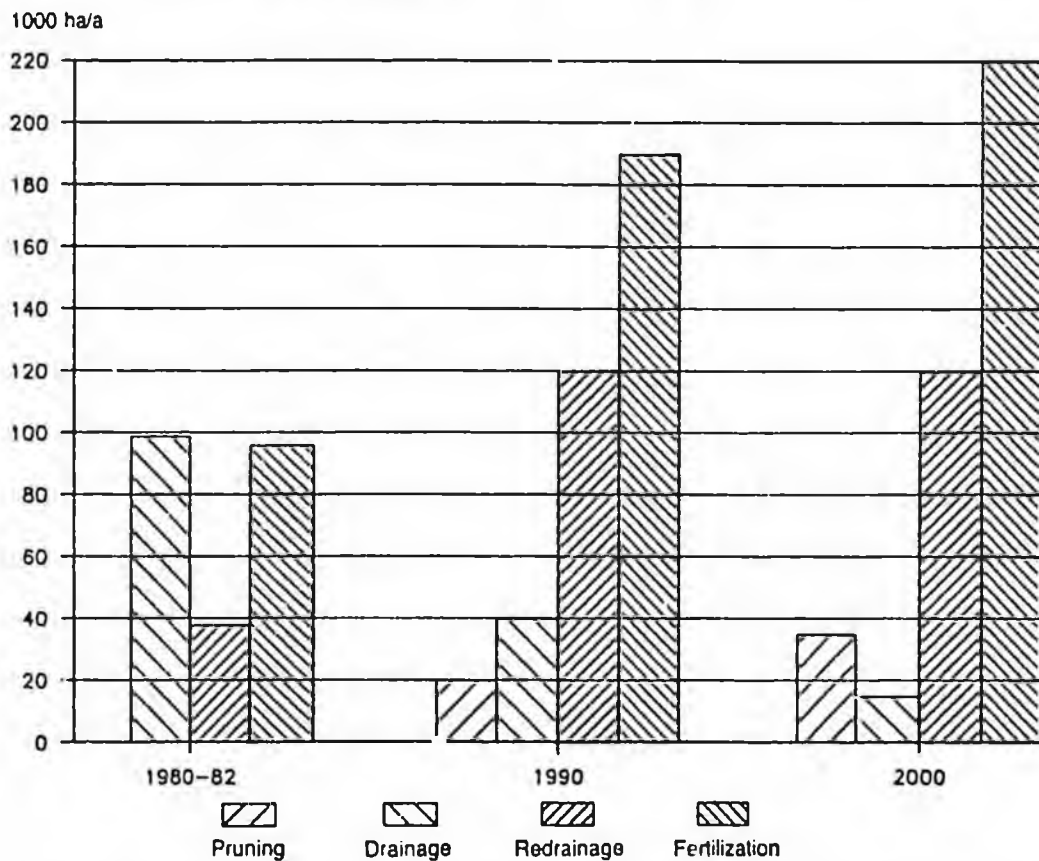


Fig. 4. The forest improvement targets of the Forest 2000 Programme. Drainage of new areas will fall sharply and, in practice, cease completely by the turn of the century. The need for redrainage will correspondingly increase. It is recommended that pruning of standing trees be made eligible for forest improvement funding. It is also recommended that the annual level of forest fertilization be increased to that prevailing at the beginning of the 1970's.

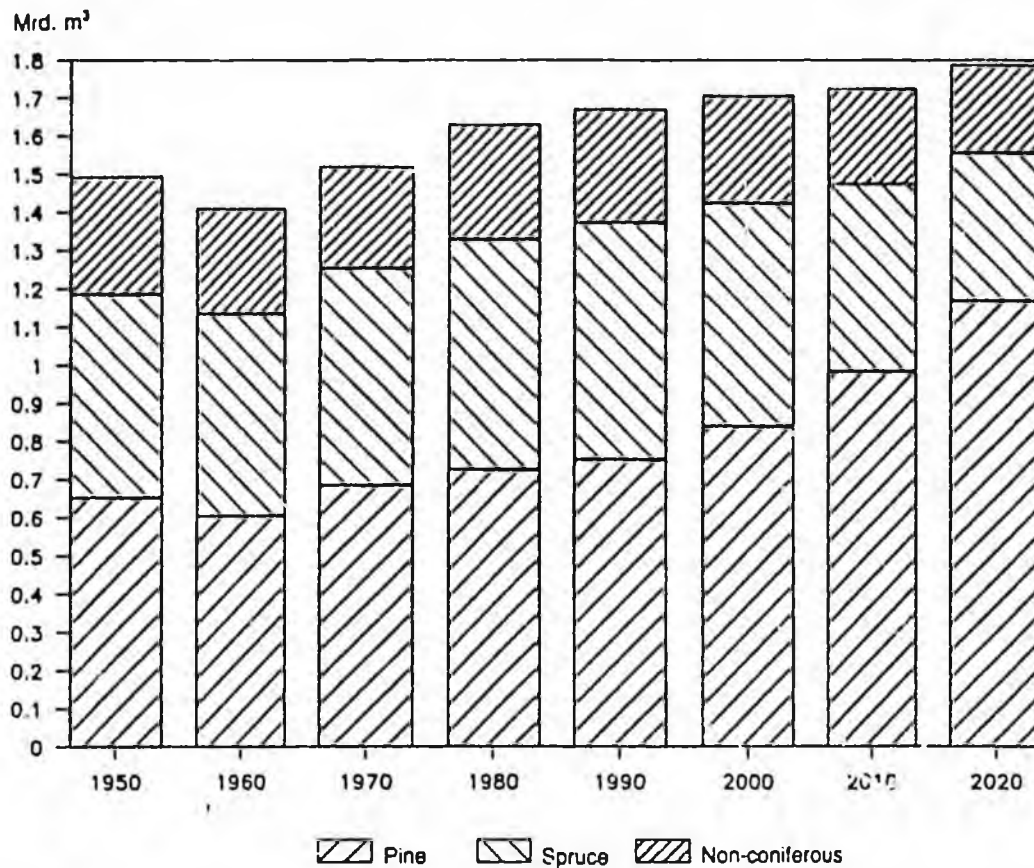


Fig. 5. Development of the growing stock volume. The cutting targets have been set at a level below the annual increment. This means that the growing stock volume will increase by 10 % from its present level by the year 2020. The proportion of pine in the growing stock will considerably increase.

The development possibilities of the forest industries

The development possibilities of the forest industries up to the year 2000 are examined in the programme by taking the cutting targets as the starting points. The predictions indicate that the consumption of the most important groups of products will grow during the period 1980–2000 as follows:

Product group	Whole world	Western Europe
	Annual growth %	
Sawnwood	1.1 ... 1.5	-0.7 ... 0.7
Wood-based panels	2.2 ... 4.7	2.4 ... 4.6
Paper	3.3 ... 3.7	2.5 ... 2.8
Paperboard	2.8 ... 3.5	2.0 ... 2.8

According to these estimates, the total demand for forest industry products, weighted by the present structure of Finnish exports, will grow at a rate of about 3 % a year until the end of the century.

According to the targets of the programme, the raw material base of the forest industries will increase annually by 650 000 m³. Almost half of this amount will be large-sized spruce logs, and a third pine and non-coniferous cordwood. It appears that products based on kraft pulp will remain sufficiently competitive, consequently there will continue to be a demand for them in the future. A clear structural change has taken place in Europe dur-

ing the past few years in the supply of spruce sawnwood and non-coniferous pulp. Pulp production based on extensive forest plantations has appeared in Continental Europe, especially in Spain and Portugal. New sawmill capacity has also been built in Continental Europe. This production is, on the basis of its location, already more competitive on the European market than its Finnish equivalent. It is clear that in the coming years the Finnish forest industries will have to make greater investments in product development and marketing.

It can be assumed on the basis of past developments that the proposed cutting targets can be achieved as long as competitive production can be ensured:

	Implemented	Forest 2000
	1960-80	1980-2000
Annual growth %		
Forest industries		
- volume of production	+ 4.4	+2.6...+3.3
- wood consumption	+ 2.3	+1.2
- consumption of non-coniferous pulpwood	+11.2	+2.4
- consumption of large-sized spruce logs	+ 3.0	+2.5

Four development alternatives for the forest industries, which differ from each other with regard to the volume of the spruce logs used, are analysed in the programme. The results are presented in Table 2 and Fig. 6.

It appears that the raw material situation for the sawmill industry will remain satisfactory for the rest of the century. The production of pine sawnwood could be increased slightly compared to the level at the beginning of the 1980's, and that of spruce sawnwood considerably increased if the product is made competitive on the international markets. However, if the cutting targets are to be met, it will probably be necessary to direct an increasing proportion of large-sized spruce logs to the pulp industry, mainly for the production of mechanical pulp. This means that, of the presented alternatives, III and IV are the most realistic.

Owing to unfavourable competition in the market for particle and fibreboard, significant increases in the production of these products will be unlikely. The future production of plywood depends on whether the proportion of spruce in the product can be increased.

Growth in the forest industries will seemingly take place almost entirely in the pulp and paper industry. The potential annual

Table 2. The development possibilities of the primary forest industries according to the Forest 2000 Programme.

Product group	Imple- mented 1980-82	Production possibilities in 2000			
		Alternative			
		I	II	III	IV
		1000 m ³ /a			
Coniferous sawnwood	8 522	11 900	10 600	9 500	8 500
- pine	5 106	5 700	5 700	5 700	5 700
- spruce	3 416	6 200	4 900	3 800	2 800
Plywood	613	770	770	770	770
Particle and fibreboard	970	1 000	1 000	1 000	1 000
		1000 mt/a			
Pulp	7 101	10 400	10 800	11 400	12 200
- mechanical	2 387	4 100	4 500	5 100	5 900
- chemical	4 714	6 300	6 300	6 300	6 300

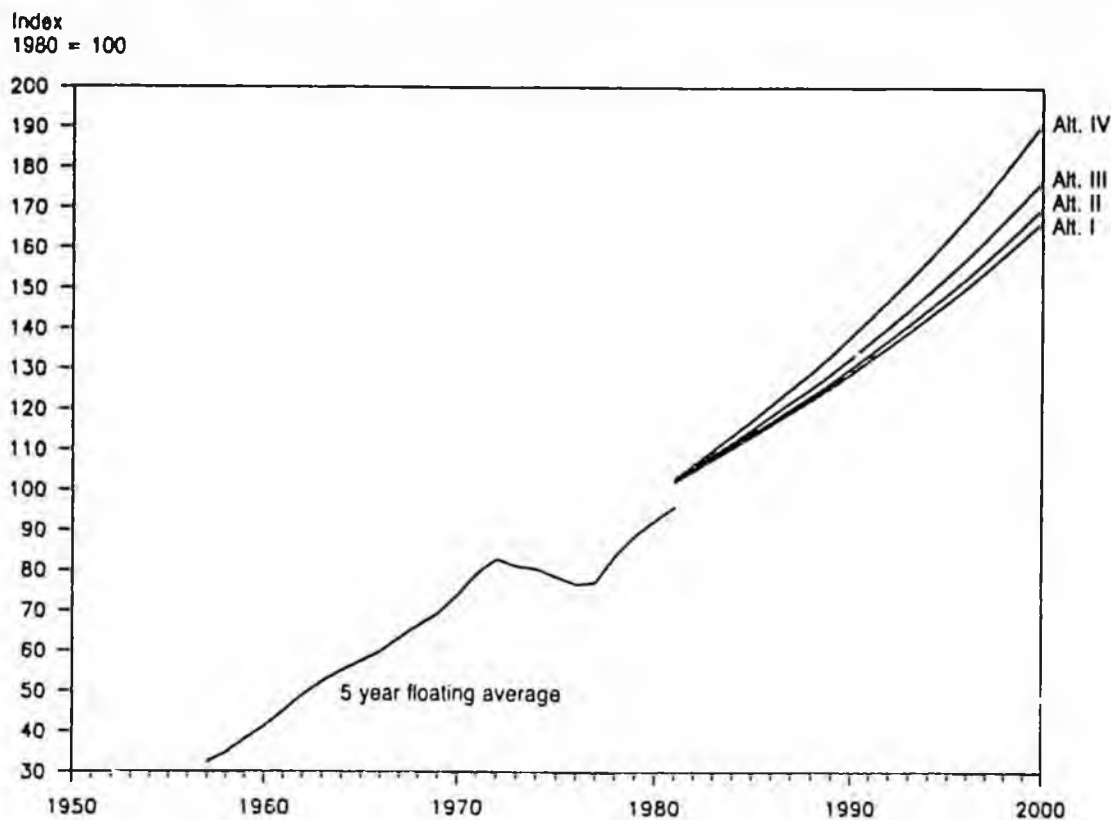


Fig. 6. The development prospects of the forest industry. The production volume of the forest industries as a whole can be increased by about 3 % a year. This corresponds to the estimated long-term increase in the demand for forest industry products.

growth in the production of pulp until the end of this century is 2–3 %, for chemical pulp 1.5 %, and for mechanical pulp 3–5 %. Production in the paper and paperboard industry could grow annually by 3.5–5 %.

According to the programme, the growth of the raw material base will permit a 3 % annual increase in the production of the forest

industries as a whole up until the end of the century. This would be the same as the target growth rate the GNP. However, the increased production presupposes that the functioning, competitiveness and raw material supply of the forest industries is maintained, and that their wood consumption structure is adapted to the structure of the cutting targets.

The means available for achieving the targets

The targets of the programme are ambitious and demanding. The measures, as presented, will presumably not be enough. It will be necessary, therefore, to devise additional measures to supplement the programme while it is being carried out.

The most important of the means available for increasing timber supply are forestry

planning and an increase in the advice and services directed at the forest owners. By the beginning of the 1990's, individual forestry plans will have been drawn up for 90 % of the privately-owned forest area. Personal advisory services, and the execution of forestry plans, will have to be made more effective. All the forest owners, including those living out-

side the area where their holdings are situated, will have to be brought within the scope of the advice and service facilities. This will require a staff increase of about 50 in the district forestry boards, as well as in the number of staff needed by the local forestry associations.

Other means of increasing timber production proposed in the programme include the development of forest ownership, forestry legislature and forest taxation, increasing the

effectiveness of forest cooperation at the regional level, and improving the functioning of the roundwood markets. Active and constructive cooperation between the different interest groups is essential.

Economic, investment, energy and foreign trade policy, research and development work, and the effective marketing of wood-based products, all play a central role in strengthening the demand for timber.

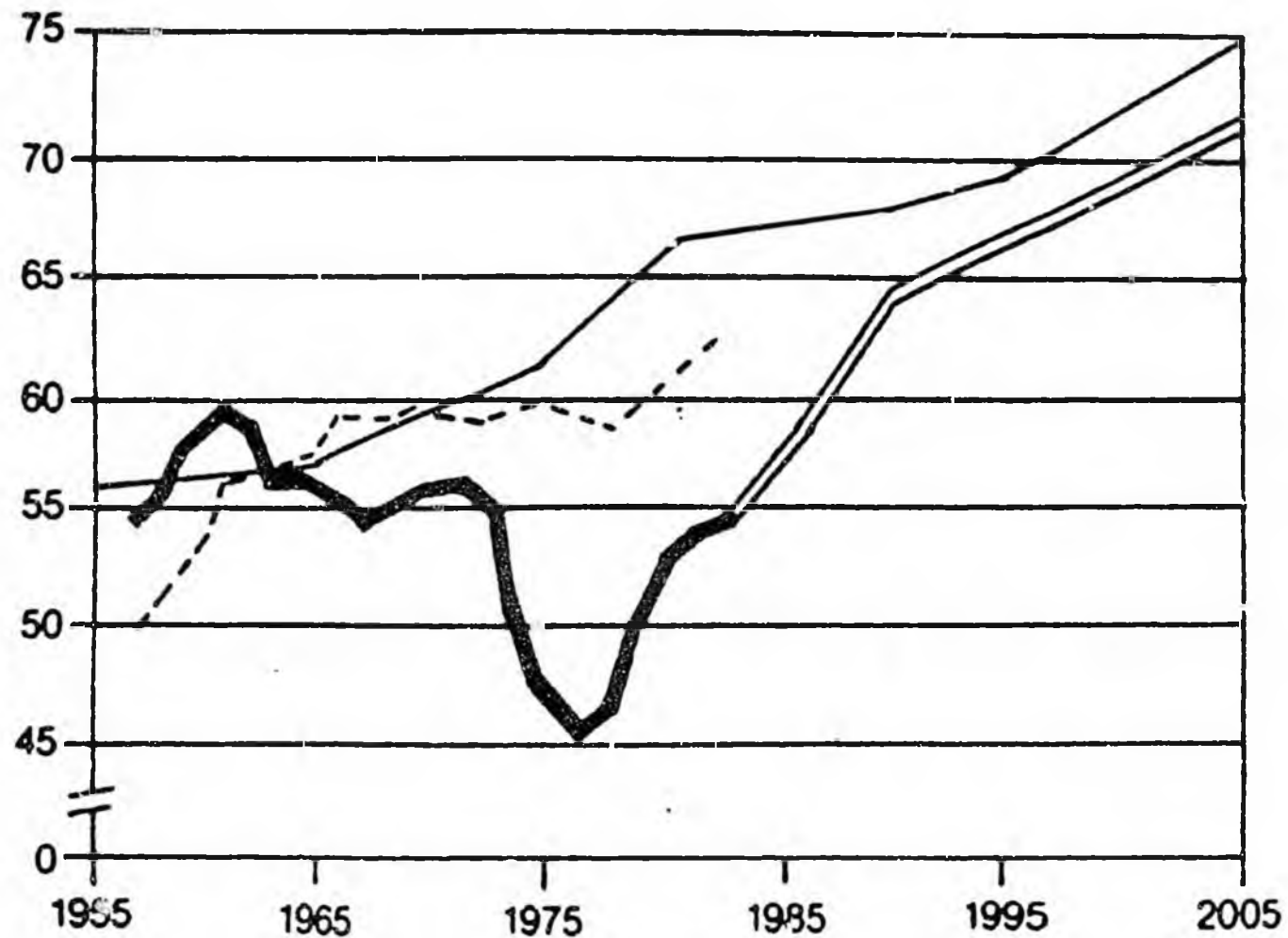
Monitoring and updating the programme


Social development and environmental conditions, such as acid precipitation, can bring about relatively rapid changes in forest management and in the forest ecosystem. It is also difficult to predict the activities of the forest owners and forest industries. Implementation of the programme must be monitored continuously, and its targets and choice of means checked at least every 5–10 years. The continuity of the necessary re-


search work, data systems and data registers, as well as development of the planning models, must be ensured. Since the Forest 2000 Programme is a long term project, it must be supplemented, at fairly short intervals (about 5 years), with a programme in which the targets and measures are scheduled annually, and which are checked and continued each year.

Growth and removal forecast


mill. m³/year



 implemented
outturn and
slash

 allowable
outturn and
slash

 growth forecast
for forest in
commercial use

 predicted
outturn
and slash

Growing stock 1984

million m³ solid volume incl. bark

	whole country	South Finland	North Finland
	1 660	1 171	489
	100%	71%	29%

Tree species
distribution by volume

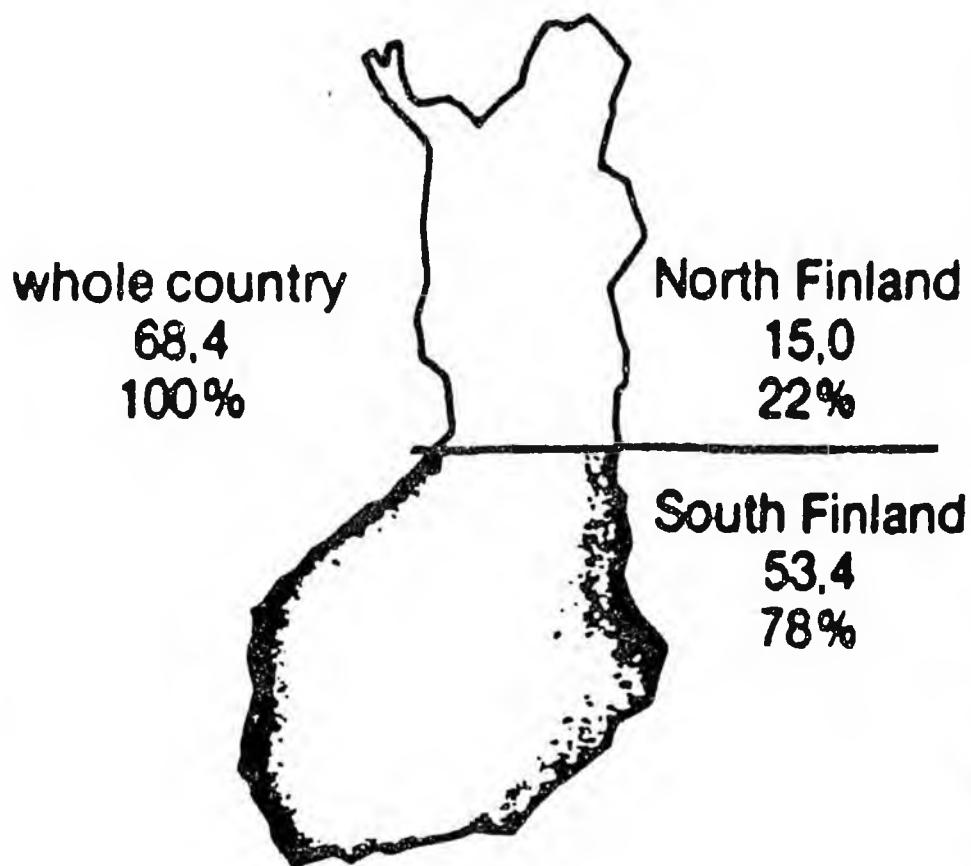
	whole country	South Finland	North Finland
pine	45	39	59
spruce	37	43	23
birch	15	15	17
alder and aspen	3	3	1
	100%	100%	100%

Mean growing stock,
m³/ha incl. bark

	whole country	South Finland	North Finland
	81	101	54

Annual Increment 1984

million m³ solid volume incl. bark



Mean volume increment on forest land,
solid volume incl. bark/ha

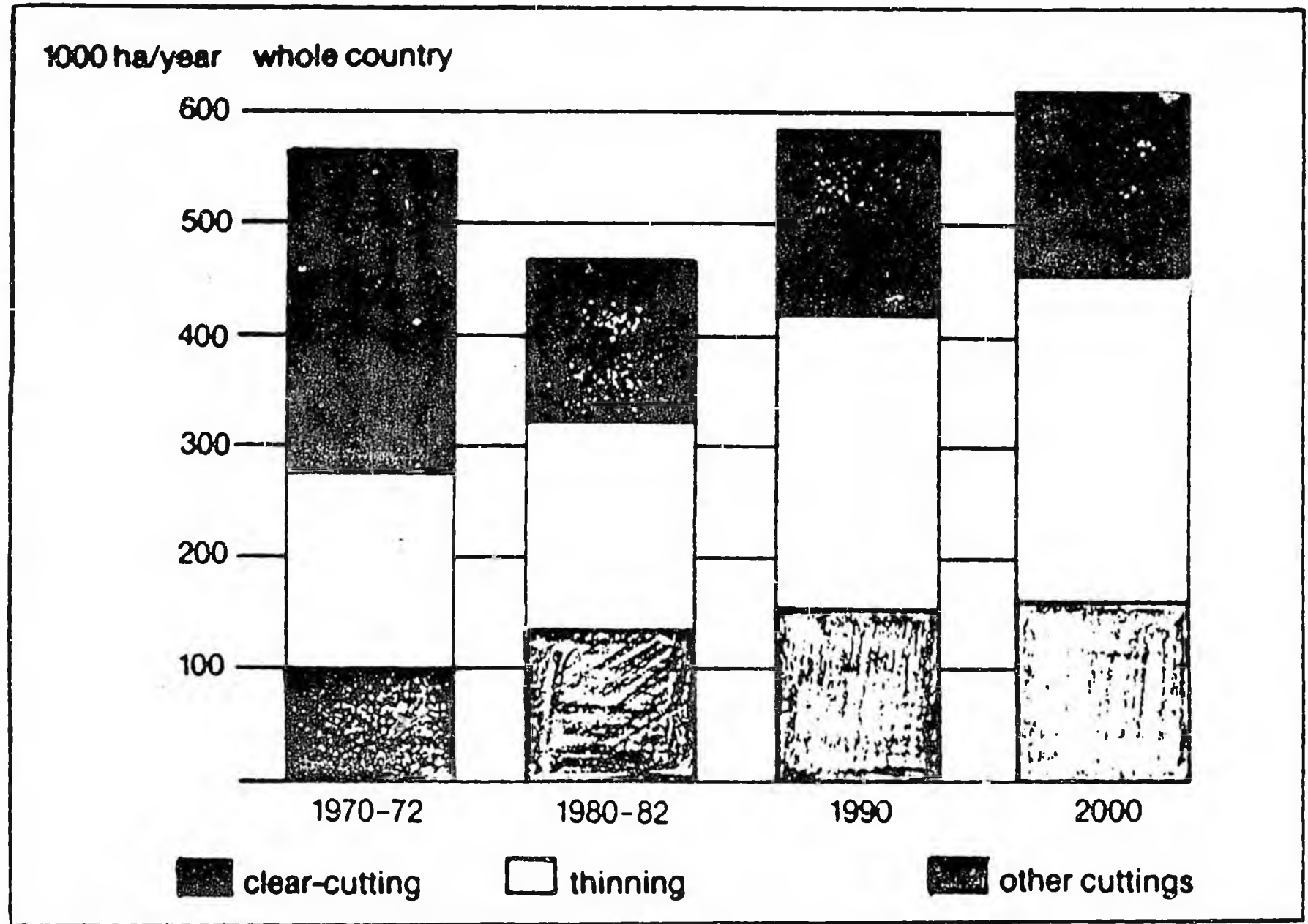
whole country	South Finland	North Finland
3,4	4,6	1,7

Forest balance 1984

million m³ solid volume incl. bark

	mean 1974-84	1984
allowable drain	61,3	65,1
total drain	49,7	52,3
forest balance	+ 11,5	+ 12,8

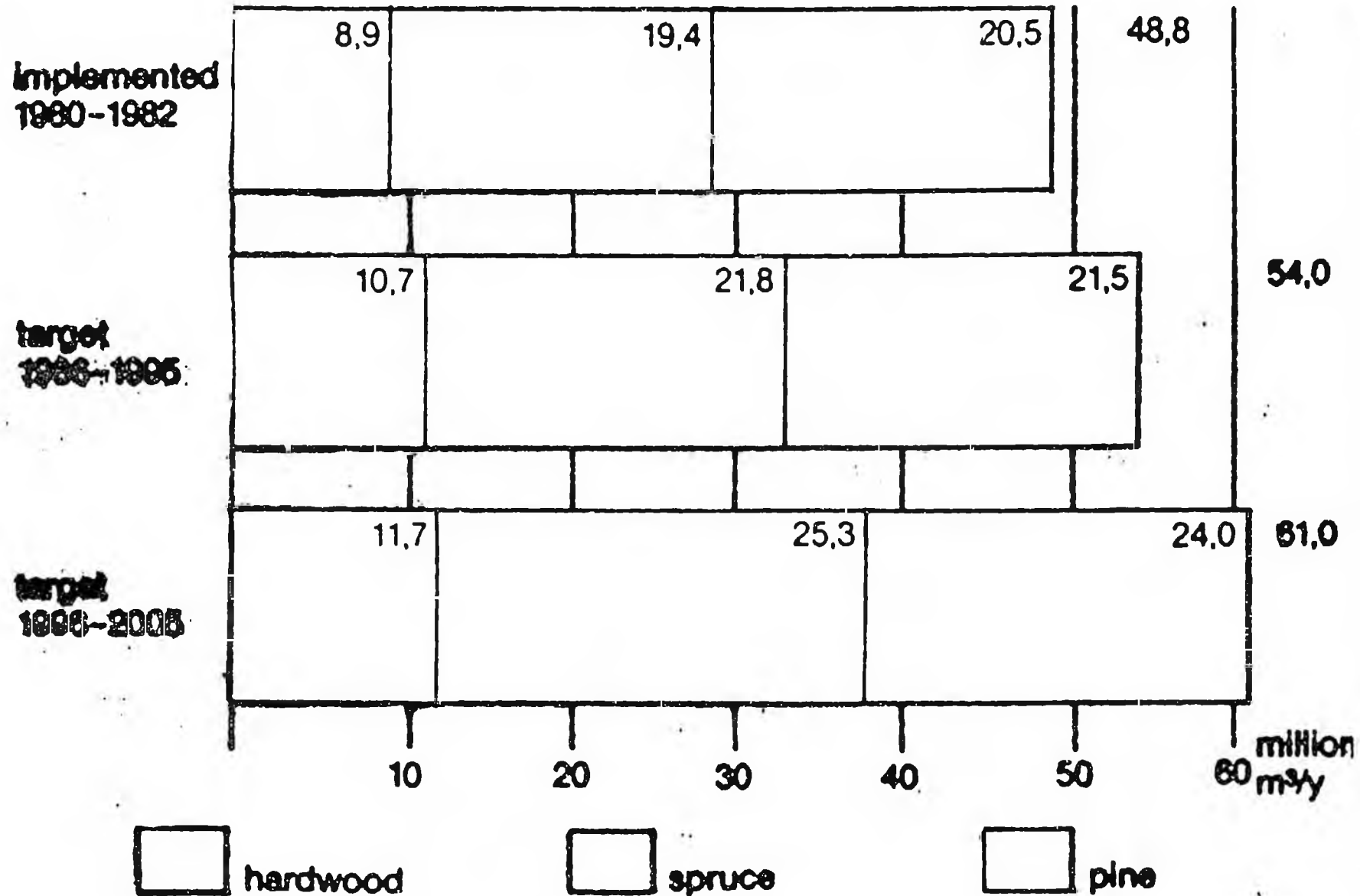
The Forest 2000-programme: Feiling area



Silvicultural Improvement work in 1985

	1985	2000 (Forest 2000 programme)
reforestation (seed- ing and planting)	129 000 ha	155 000 ha
young stand tending	279 000 ha	335 000 ha
pruning	6 300 ha	35 000 ha
fertilization	84 000 ha	220 000 ha
new drainage	70 000 ha	15 000 ha
supplementary drainage	3 900 km	120 000 ha
ditch cleaning	8 800 km	
forest roads	3 900 km	2 500 km

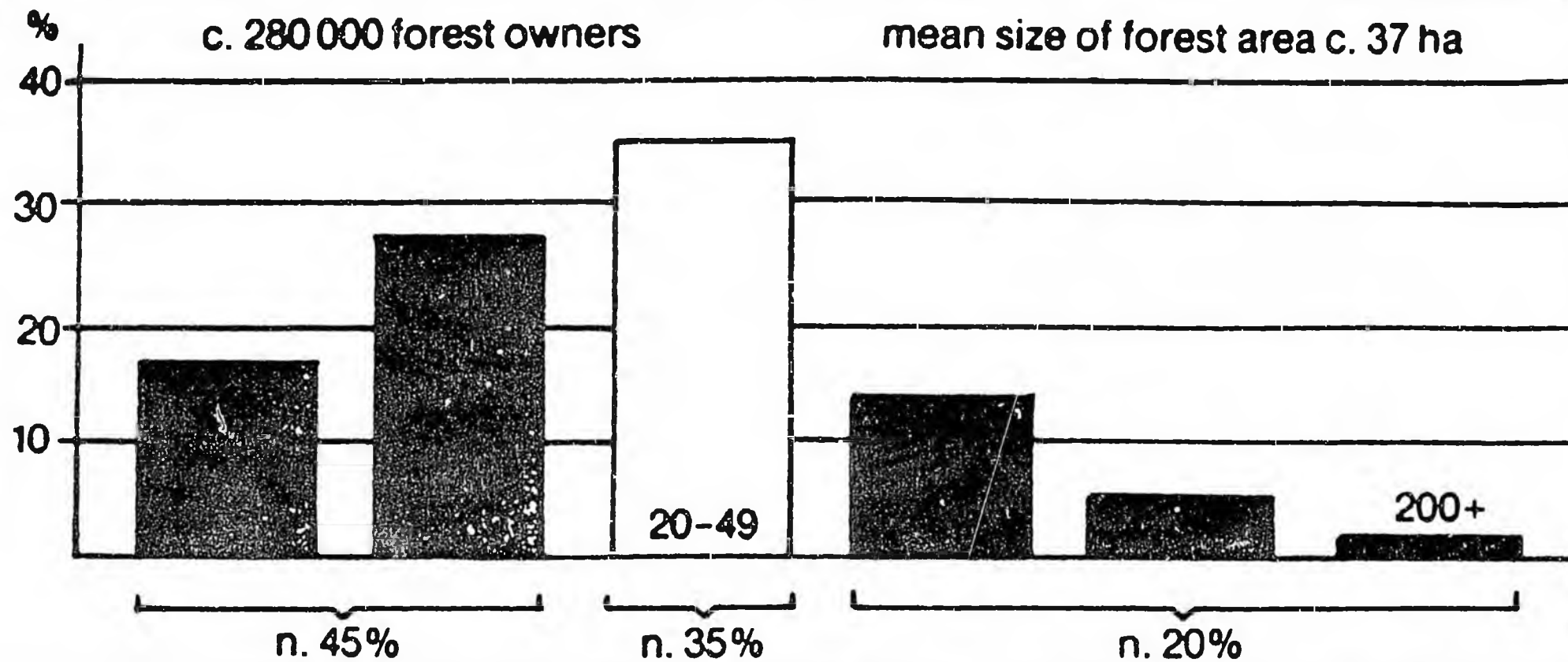
The Forest 2000-programme: Targeted outturn by tree species



Natural forest products 1985

commercial wood	43,6 mill. m ³	
peat consumption and exports		
- fuel peat	3 992 000	tonnes
- horticultural peat	1 067 000	" "
lichen exports	585	" "
sales of forest berries	4 970	" "
sales of wild mushrooms	1 000	" "
sales of reindeer meat	3 000	" "
forest game birds	155	" "
field game birds	33	" "
hares	1 109	" "
elk and deer	11 506	" "
fur pelts	336 000	no.

Distribution of privately-owned forest holdings by size



Protection areas 1987

Established under the nature protection act:

	no.	total area 1000 ha
national parks	22	670
strict nature reserves	20	154
wetland protection areas	102	78
other protected areas	13	8
privately-owned nature protection areas	650	12
		<hr/>
		922

Areas protected by official order:

special conservation forests	234
primeval areas	34
peatlands protected from drainage	63
	<hr/>
	331
	<hr/>
Total	1253

The Finnish forest industry in 1986

Mechanical sector

	no. of units	production	exports %
sawmill ind.	161 ¹⁾	7,1 mill. m ³	64
plywood	25	0,6 ---	84
particle board	11	0,6 ---	40
wallboard	3	0,08 mill. tn.	57

1) in addition, c. 6000 local small sawmills.

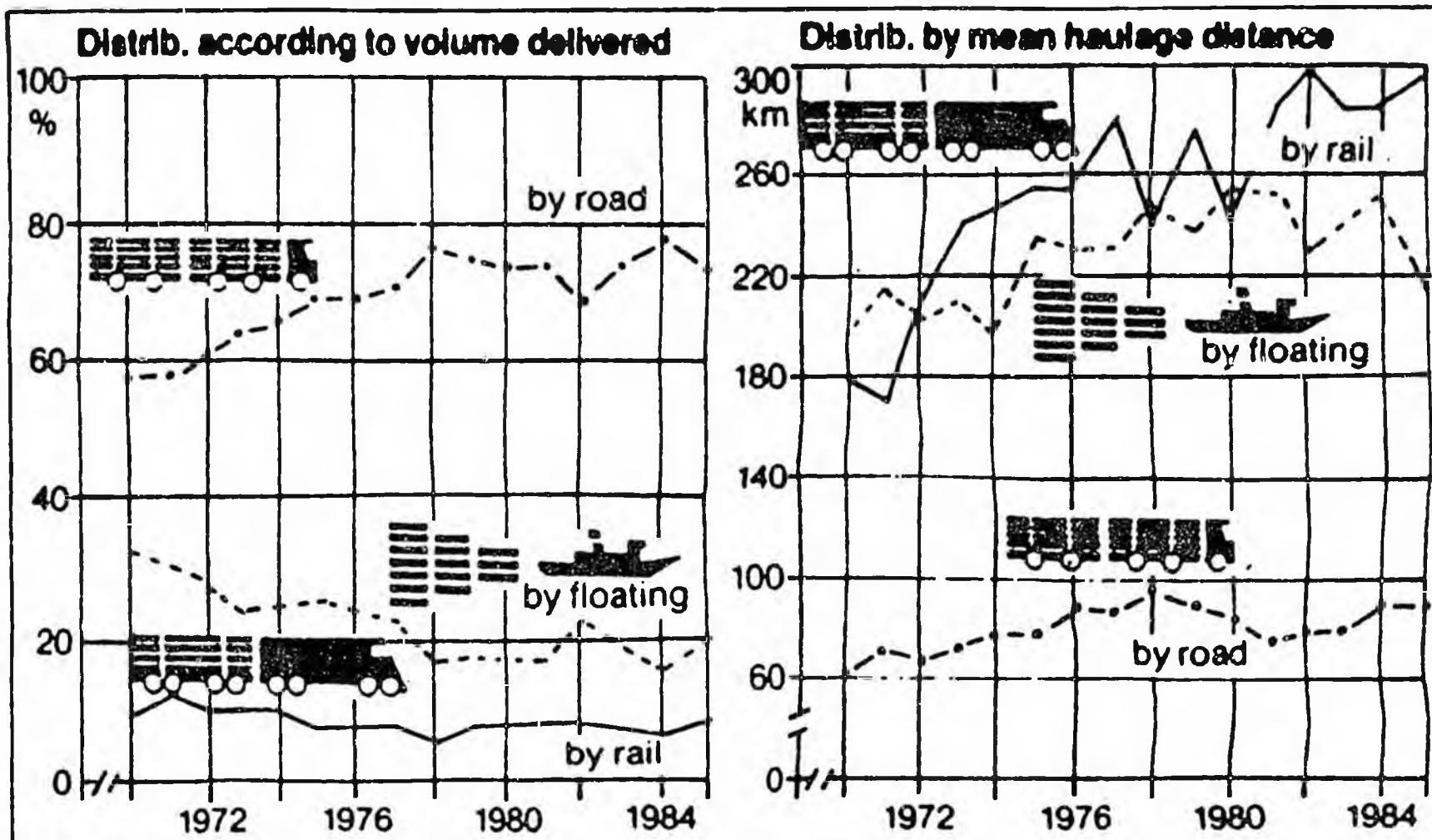
Chemical sector

	no. of units	production	exports %
pulp	47	7,9 mill. ton.	19
paper	30	5,8 ---	82
paperboard	16	1,7 ---	79

The forest industry in Finland and the rest of the world, 1984

	coniferous sawn-wood	plywood	particle board	wood pulp total	of which chemical pulp	paper and paper-board total	of which news-print	printing and writingpaper
	1000 m ³	1000 m ³	1000 m ³	1000 tn	1000 tn	1000 tn	1000 tn	1000 tn
Production								
the whole world	338 581	43 960	43 467	135 350	93 957	187 683	28 916	48 835
Europe (excl. USSR)	68 986	3 160	22 524	33 701	20 727	55 433	6 896	18 000
Finland	8 146	592	541	8 031	4 568	7 318	1 878	2 970
Finland's share (%)								
in European production	2,4	1,3	1,2	5,9	4,9	3,9	6,5	6,1
	11,8	18,7	2,4	23,8	22,0	13,2	27,2	16,5
International trade								
the whole world's imports	69 123	7 180	6 382	21 369	18 562	39 451	13 567	9 969
Finland's exports	4 803	480	180	1 561	1 386	6 062	1 675	2 548
Share of Finland's exports (%) in global imports	6,9	6,7	2,8	7,3	7,5	15,4	12,3	25,6
Imports of Europe (excl. USSR)	25 481	3 160	4 853	11 378	10 064	19 696	3 834	5 808
Finland's exports to Europe (excl. USSR)	3 420	419	169	1 168	1 151	3 939	1 208	1 521
Share of Finland's exports (%) in European imports (excl. USSR)	13,4	13,3	3,5	10,3	11,4	20,0	31,5	26,2

Wood transportation 1985



Mean haulage performance/year

	1971-1976	1976-1980	1981-1985
by road	38%	44%	49%
by rail	18%	16%	18%
by floating	44%	40%	33%

CS SB 112 - FOREST MANAGEMENT AGREEMENTS

SECTIONAL ANALYSIS

PURPOSE. The purpose of a Forest Management Agreement is to allow for an agreement between the state and a private party for the cooperative management of public forest land. A FMA may relieve the state of some of the financial burden associated with developing and managing timber.

In an FMA a contractor might be responsible for developing a plant and facilities or providing services such as road construction and maintenance, reforestation, recreation improvements and protection of other uses of state land.

An FMA does not permit the avoidance of other state laws or regulations affecting environmental conservation, timber practices, fish and game or any other resource or use of a resource.

FOREST MANAGEMENT AGREEMENTS. The commissioner must consult with the commissioners of environmental conservation, fish and game and commerce and economic development before entering into a FMA. The agreement must be consistent with any existing area plan and land classification in effect.

MOST QUALIFIED BIDDER. Establishes the items to be considered in a multiple variable bid process. The commissioner must develop minimum qualifications for a bidder through regulation. The commissioner may establish maximum and minimum development requirements and the maximum annual allowable cut.

PLANS. Before an agreement is signed the successful bidder is required to submit a management plan if the area is less than 1,280 acres and there is no existing land use plan or classification under AS 38.04.065 is in effect. The plan shall cover all land that is or may be subject to an agreement. The plan must be developed consistent with AS 38.04.065, Land Use Planning and Classification. Specific items are listed which must be included in the management plan.

Also prior to entering into an agreement the successful bidder must submit a five-year operating plan and an annual harvesting plan for the first two years of operation.

The commissioner must prepare a plan for administrative oversight of the agreement in consultation with other affected state agencies.

BEST INTEREST FINDING. Before entering into or extending an agreement the commissioner must issue a written finding that the proposed agreement is in the best interest of the state. The finding and all plans will be reviewed by the commissioners of DEC, F&G and CED. Public notice will be served for the proposed agreement, the written finding, the management plan and the five-year operating plan. Public hearings must be held when appropriate.

REQUIREMENTS OF FOREST MANAGEMENT AGREEMENTS. Items which must be addressed in a forest management agreement: term of the contract, stumpage prices and adjustments, penalties for violations, update of the five-year operating plan and annual harvesting plan, public access, protection of other uses, purchaser bond, protection of buffer strips, preparation of reports required by the commissioner and other items in the public interest as determined by the commissioner.

Regulations must be established by the commissioner for the requirements for access development, harvest, management and reforestation.

Establishes optional items which may be required from the purchaser: compensation for monitoring and enforcing the terms and conditions of the agreement and state law, compensation for scaling services, construction and maintenance of access roads and designation of timber volume for small operations.

The forest management agreement and any extensions must contain a provision that the operator comply with the terms of the FMA.

EXTENSIONS OF FOREST MANAGEMENT AGREEMENTS. An agreement may be extended if the extension is requested at any time between the fifth and tenth year during or after the initial term of an agreement. The amount of time added to an extension may not exceed the amount of time used on the initial agreement. (i.e. a contractor with a 20 year contract may apply for an extension in the tenth year of the initial agreement. If the extension is granted, up to ten years may be added to the end of the initial term. Extensions may continue to be applied for and granted after the initial term has expired and the contractor is operating under the extension).

In the extension process the contractor must submit a proposed operating plan for the next five years of operation and amend the management plan as the commissioner deems necessary.

The commissioner must review existing and proposed operations, consult with the commissioner of DEC, F&G, CED, other affected agencies and municipalities and find that the operator has complied with the terms of the law and the forest management agreement before granting an extension.

Before granting an extension the commissioner must adopt a best interest finding, provide public notice and hold appropriate public hearings.

CREDITS. Allows for purchasers credits to be granted against future stumpage payments under specific conditions. The credit given may not exceed the value owed to the state.

INCREMENTAL VOLUME AVAILABLE. If the commissioner determines the contractor has increased the annual allowable cut through his management techniques, the incremental volume may be made available to the contractor at the same or a reduced rate if it is consistent with other objectives of the agreement.

OTHER AUTHORITIES UNAFFECTED. An FMA does not affect the authority of the Department of Fish and Game, the Board of Fisheries, the Board of Game, the Department of Environmental Conservation or other state agencies and municipalities.

Section 3 amends the AS 38.05.120 which requires the commissioner to select the highest qualified bidder in a timber sale. The amendment allows timber to be disposed of through a FMA which calls for multiple variables to be considered.



CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

*Plan - mgmt plan by
consequence
reforestation - EPA com.
allow new law/regs -
public notice - med. - like 075
not process - comp's bid. - too late
70 jobs done
2000/2001/2002/2003*

*contract - maintain
by worker
Sun - need def of plans
v program receipts
define small operators
yet holder to pay for plan but not do*

5-0567N ✓
Bradley
4/25/82

Original sponsors: Jones and Sturgulewski

*Case 6 - IPA
consequence
in the
2000/2001/2002/2003*

*Rep - should be done
same - plan held of p.d. pre*

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 HOUSE CS FOR CS FOR SENATE BILL NO. 112 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act relating to forest management agreements."
7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 * Section 1. PURPOSE. (a) The purpose of this Act is to authorize the
9 commissioner of natural resources to enter into forest management agree-
10 ments that may include provisions for the development of a plant and facil-
11 ities or services such as reforestation, road construction and maintenance,
12 and recreation improvements and to provide for efficient monitoring of
13 activities under forest management agreements and effective enforcement of
14 terms, conditions, and law protecting other beneficial uses of state land.

15 (b) A forest management agreement may

16 (1) provide for equal consideration of other existing beneficial
17 uses of forest land in an agreement as provided under AS 41.17.010;

18 (2) relieve the state of some of the financial burden of devel-
19 oping and managing a timber sale;

20 (3) provide for the long-term management of state timber, creat-
21 ing stability for the forest products industry and incentives for the
22 responsible use of state timber; and

23 (4) provide an operator with a stable source of timber from a
24 designated area on the basis of successive renewals of contractual rights.

25 (c) The provisions of this Act do not permit an operator to avoid
26 compliance with state laws or regulations affecting environmental conserva-
27 tion, timber practices, fish and game, or any other resource or use of a
28 resource.

29 * Sec. 2. AS 41.17 is amended by adding new sections to read:

1 ARTICLE 5A. FOREST MANAGEMENT AGREEMENTS.

2 Sec. 41.17.500. FOREST MANAGEMENT AGREEMENTS. The commissioner
3 may, after consultation with the commissioners of environmental con-
4 servation, fish and game, and commerce and economic development, enter
5 into a long-term agreement for the management of the forest resources
6 of the state under AS 41.17.500 - 41.17.580 if the agreement is con-
7 sistent with an area plan and land classifications then in effect.

8 Sec. 41.17.510. MOST QUALIFIED BIDDER DETERMINED. (a) The
9 commissioner shall determine the most qualified bidder for a forest
10 management agreement based on minimum qualifications established for
11 bidders in regulations and in a multiple variable bid process. In
12 reviewing bids received the commissioner shall consider

- 13 (1) the stumpage payments proposed by the bidder;
14 (2) the amount of the investment in plant and facilities
15 proposed by the bidder;
16 (3) the utilization standards proposed by the bidder;
17 (4) the number of jobs to be provided by the bidder;
18 (5) road construction, reforestation, and recreation im-
19 provements requested by the commissioner;
20 (6) measures proposed by the bidder to maintain, enhance,
21 or mitigate the effects on other beneficial uses or resources of
22 forest land; and
23 (7) other items requested by the commissioner or offered by
24 the bidder.

25 (b) The commissioner may establish maximum and minimum develop-
26 ment requirements and the maximum annual allowable cut.

27 ADD TO
28 SEC-112-1
29 Sec. 41.17.520. PLANS. (a) If a ^{management} [land use] plan has not been
approved under AS 38.04.065, before entering into an agreement that
involves more than 1,280 acres, the commissioner shall require the

AD 718 - needs comms approval

1 successful bidder selected under AS 41.17.510 to submit a management
2 plan for the land that is or may be subject to an agreement. The
3 management plan shall be developed consistent with AS 38.04.065. The
4 management plan must include

5 (1) an inventory of renewable and nonrenewable resources
6 present, their human uses and their economic value as measured by net
7 present value;

8 (2) location, type, and duration of access;

9 (3) operable timber base areas to be harvested;

10 (4) annual allowable harvest;

11 (5) silvicultural prescriptions;

12 (6) facility development;

13 (7) area-specific management practices or prescriptions
14 needed in addition to forest practices regulations and best management
15 practices to protect or enhance fish and wildlife habitat and harvest,
16 public recreation, and other significant public or private resources
17 and uses of the area.

18 (b) In addition, the operator shall submit a five-year operating
19 plan and an annual harvesting plan for the first two years of opera-
20 tion. The commissioner shall prepare a plan for administrative over-
21 sight of the agreement in consultation with other affected state
22 agencies.

23 Sec. 41.17.530. BEST INTEREST FINDING. Before entering into or
24 extending an agreement, the commissioner shall issue a written finding
25 that the proposed agreement, as supported by the management plan and
26 operating plan submitted under AS 41.17.520, is in the best interest
27 of the state. The finding and all plans shall be reviewed by the
28 commissioners of environmental conservation, fish and game, and com-
29 merce and economic development. The commissioner shall provide public

1 notice of the proposed agreement, the written finding, and the manage-
2 ment plan, and the five-year operating plan under AS 38.05.945 and
3 shall hold appropriate public hearings.

4 Sec. 41.17.540. REQUIREMENTS OF FOREST MANAGEMENT AGREEMENT.

5 (a) An agreement for the harvest of state timber under this section
6 must provide for

7 (1) the term of the initial agreement, not to exceed 20
8 years, and conditions for an extension of the term under AS 41.17.-
9 550(a);

10 (2) the stumpage prices to be charged for the timber and a
11 periodic review and, if appropriate, adjustment of the stumpage
12 prices;

13 (3) penalties for violation of the terms of the agreement
14 and termination of the agreement under AS 41.17.550(c);

15 (4) the update of the operating plan each five years;

16 (5) the update of the annual harvesting plan;

17 (6) public use of state land involved in the agreement,
18 except that the contractor may limit access in an area that is being
19 harvested or where hazardous conditions exist;

20 (7) the protection of compatible and noncompatible uses,
21 such as mining, recreation, and fish and wildlife habitat and harvest;

22 (8) a bond from the purchaser to protect the interests of
23 the state;

24 (9) protection of state-owned land within 100 feet of
25 rivers, lakes, or streams to provide soil stability, protect fish and
26 wildlife habitat, water quality, and other important uses although
27 more state land may be protected as determined in the management plan,
28 the five-year operating plan, or the annual harvesting plan;

29 (10) the preparation of reports required by the

1 commissioner; and

2 (11) other terms, conditions, and limitations determined to
3 be in the public interest by the commissioner.

4 (b) The commissioner shall establish by regulation requirements
5 for access development, harvest, management, including the contents of
6 plans required under AS 41.17.520, and regeneration of timber on state
7 land that is subject to an agreement under AS 41.17.500 - 41.17.580.

8 (c) In an agreement for the harvest of state timber entered into
9 under AS 41.17.500 - 41.17.580, the commissioner may require the
10 purchaser to

11 (1) compensate the state for monitoring and enforcement of
12 the terms and conditions of the agreement and applicable state law;

13 (2) compensate the state for the scaling services required
14 to account for the timber sold;

15 (3) construct and maintain access roads necessary to the
16 harvest of the timber; and

17 (4) designate a percentage of the timber volume to be
18 subcontracted to small operators; the commissioner shall make the
19 final designation from areas included in the operating plan.

20 (d) A forest management agreement entered into or extended under
21 AS 41.17.500 - 41.17.580 must contain a requirement that the operator
22 comply with the terms of the forest management agreement and AS 41.-
23 17.500 - 41.17.580. A forest management agreement entered into under
24 AS 41.17.500 - 41.17.580 must contain the conditions under which the
25 agreement may be terminated by the commissioner on a finding that the
26 operator has not complied with the terms of the agreement or with
27 state law.

28 Sec. 41.17.550. EXTENSIONS OF FOREST MANAGEMENT AGREEMENT. (a)
29 At any time between the 5th and 10th year of an agreement, either

during or after the initial term of the agreement, the commissioner may extend the forest management agreement, if

(1) the term of the extension does not exceed the term of the initial agreement;

(2) the contractor submits a proposed operating plan for the next five years of operation and amends the management plan for the forest management agreement, as the commissioner considers necessary; and

(3) the commissioner, after review of existing and proposed operations and consultation with the commissioners of environmental conservation, fish and game, and commerce and economic development, and other affected agencies and municipalities finds that the operator has substantially complied with AS 41.17.500 - 41.17.580 and the terms of the forest management agreement.

(b) Before extending a forest management agreement, the commissioner shall

(1) adopt a best interest finding under AS 41.17.530;

(2) after review of existing and proposed operations and after consultation with the commissioners of environmental conservation, fish and game, and commerce and economic development, determine that the contractor had complied with AS 41.17.500 - 41.17.580 and the terms of the forest management agreement; and

(3) provide public notice under AS 38.05.945 and hold appropriate public hearings.

Sec. 41.17.560. CREDITS. The commissioner may grant a contractor credit against future stumpage payments due under the forest management agreement. A credit against future stumpage is not transferable between contractors or between sales and may not be paid in cash. A credit may not exceed the value owed to the state. A credit

1 against future stumpage payments may be granted for the

2 (1) loss of roads and drainage structures that

3 (A) have future value to the state; and

4 (B) are lost through an act of God not due to negli-
5 gence on the part of the contractor;

6 (2) construction of capital items that

7 (A) do not directly contribute to the management or
8 harvest of timber resources;

9 (B) were not included in the initial agreement or its
10 supplements; and

11 (C) were authorized in advance by the commissioner; or

12 (3) additional silvicultural treatments beyond those re-
13 quired in the agreement and authorized in advance by the commissioner.

14 Sec. 41.17.570. INCREMENTAL VOLUME AVAILABLE. At any time
15 during an agreement, the commissioner may make the incremental volume
16 available to the contractor at the same or at a reduced rate if the
17 commissioner determines that the management of the contractor has
18 increased the annual allowable cut consistent with the other objec-
19 tives of the agreement.

20 Sec. 41.17.580. OTHER AUTHORITIES UNAFFECTED. The provisions of
21 AS 41.17.500 - 41.17.580 do not affect the authority of

22 (1) the Department of Fish and Game, the Board of Fisher-
23 ies, or the Board of Game under AS 16 or AS 41.99.010;

24 (2) the Department of Environmental Conservation under
25 AS 46.03; or

26 (3) state agencies and municipalities under AS 44.19.-
27 145(a)(11) and AS 46.40.100.

28 * Sec. 3. AS 38.05.120 is amended by adding a new subsection to read:

29 (b) The commissioner may also dispose of timber under

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AS 41.17.500 - 41.17.580.

CSSB 112 Forest Management Agreements

Comments from:

Department of Natural Resources
Kluckwan Forest Products
Fish and Game
Environmental Lobby
Alaska Center for the Environment
Susitna Valley Association

Summary of comments:

Public Process

- 1) The public and state agencies should have an opportunity to participate in decisions on access, cutting units, facility development and resource management prior to an agreement being put out for bid.
- 2) It needs to be made clear that the final agreement as well as the proposed agreement are subject to review before being signed.
- 3) Environmental, social and economic impact studies should be prepared by DNR, DEC and ADF&G and made available for public review and comment.
- 4) Agencies should have an opportunity to review annual operating plans as a context for annual permitting.

Interagency Coordination

- 1) Strengthen F&G and DEC's involvement to more than just consultation.
- 2) FMA's should be scheduled early enough for all involved state agencies to be able to determine their level of involvement and request the necessary funds to cover their participation through the normal budget process.
- 3) F&G should conduct fish and wildlife analyses and be consulted in the development of mitigation measures for the protection of these resources.
- 4) The best interest finding should be prepared by the commissioners of DNR, DEC and ADF&G.

Contract Extension

- 1) The initial term of the contract should be shorter than 20 years, preferably five with five year extensions. A best interest finding to cancel or extend the agreement should be required. Extensions should be subject to the same public and inter-agency review as the initial agreement.
- 2) Require an operator to "comply" with state law and the terms of the agreement rather than "substantially comply."

Purchasers Credits

- 1) Credits should not exceed the value owed to the state.
- 2) A credit should not be granted if damage caused by natural causes was due to improper design or installation by the contractor.

Multiple Variable Bid Process

- 1) Include as a variable the mitigation measures a contractor would use to lessen potential environmental impacts.

Items to be Included in an Agreement

- 1) Strengthen protection of the riparian zone.
- 2) Strengthen public access.
- 3) Strengthen bond language.
- 4) Include maximum clearcut size, reforestation, controls on pesticides, requirement for sustained yield.

Susitna Valley Association comments:

- 1) Strengthen consideration of other uses.
- 2) Notify private property owners within and adjacent to a proposed sale area and give them adequate time to comment.
- 3) Half-mile buffers around subdivisions, open-to-entry areas and lodges.
- 4) Give equal power to the department's.

KLUKWAN FOREST PRODUCTS, INC.

P.O. Box 34659 · Juneau, Alaska 99803-4659 · 907-789-7104 · Fax: 907-789-0675

April 12, 1988

The Honorable Sam Cotten
Co-chairman, House Resource Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

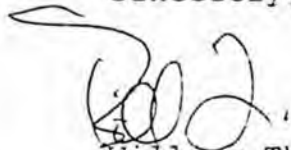
Dear Representative Cotten:

After reviewing House Resource language that may be incorporated into Senate Bill 112, we suggest the following changes:

- * That the Department of Commerce and Economic Development be named as a participant in the interagency co-ordination. Reason: this would give economic reality to a forest management agreement that may be entered into by state and private parties. We feel economics are important to FMA's.
- * On page 4, under suggested language, paragraph 7, we feel that the language be changed to manage the riparian zone instead of 100-foot buffers. Reason: in the event that a river or stream has a cliff, long marsh flat or muskeg, the 100-foot buffers may not be needed or may not be adequate; therefore, site-by-site would be better.

Thanks for the opportunity to make comments.

Sincerely,



William Thomas
Lobbyist

WT:sw



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

907-586-2345

April 14, 1988

Representative Sam Cotten, co-chair
Representative Adelheid Herrmann, co-chair
House Resources Committee
P. O. Box V
Juneau, Alaska 99811

Dear Representatives Cotten and Herrmann:

On behalf of its member groups, the Alaska Environmental Lobby would like to thank you for the opportunity to comment on proposed changes to SB 112 Forest Management Agreements. The changes address key deficiencies in the the bill as it passed the Senate. The proposed changes are improvements, however, the concept of the bill remains flawed.

The basic principle of forest management agreements allows private management of a public resource. This is unacceptable to us. The desire of the industry for a stable timber supply is understandable, but dealing with active public participation is part of the price that industry must pay for the privilege of using public resources. A well-planned program of conventional short-term timber sales using existing procedures can accomplish the goal of industry stability without the relinquishment of state control of public resources.

Forest management agreements appear to be essential only if some sort of giveaway program is necessary to encourage massive scale timber development. The strong and broad-based public outcry over recent large-scale proposals, such as the Susitna Valley timber sale indicates a decided lack of support for such development. If the public policy goal is to respond to the product needs and the land use concerns of the people, a diverse timber industry based on a number of small mills providing forest products for in-state use would best provide the desired mix of local economic benefits, industry stability, and community control. Short-term conventional timber sales would best serve these goals and allow fine-tuning to economic fluctuations and the product demand.

With these reservations in mind, below are point-by-point comments on the proposed changes:

PUBLIC PROCESS

- * Public hearings must be held after the commissioner and contractor have negotiated a final agreement, as well as during the process of developing that agreement. Allowing negotiation without final public approval makes earlier participation meaningless.
- * The long-term contract, even with 5-year review, remains a problem for both the industry and the public. While the intent of this provision is to accommodate differing interests, balancing them will be difficult. If the public review reveals difficulties which result in termination of the agreement, the goal of industry stability is not served. If agreements cannot be terminated as a result of the review, then the review process has no teeth.
- * An outline operating plan for the entire 20-year contract period is necessary to allow informed public comment. Plans for the first five years do not give the overview needed to properly evaluate the agreement.

INTER-AGENCY COORDINATION

- * "Consultation" and "review" by DEC and ADF&G lacks real strength; agreement or approval should be required in this provision. DNR should not be given sole control over final decisions involving multiple resource values.
- * The inadequacies of DEC and ADF&G powers to balance timber management with other resources are perpetuated. Weaknesses of the existing Forest Practices Act are not corrected.

CONTRACT EXTENSION

- * While the concept of making contract extension contingent upon adequate performance is a commendable one, the problem of providing meaningful public control while maintaining industry stability remains unresolved.
- * The language does not clearly indicate that the full term of the agreement shall not exceed 20 years from the time of the extension.

PURCHASERS CREDITS

* The incentive to provide non-timber management services is laudable, but this provision appears to have potential for abuse. The setting of stumpage prices for credits must be carefully monitored, and the need for the capital construction carefully evaluated. The U.S. Forest Service experience in Southeast Alaska indicates that credits for road construction can exceed the value of the timber made accessible by the road.

MULTIPLE VARIABLE BID PROCESS

* The requirement to consider a number of variables in selecting bids is a worthwhile improvement.

* Conspicuously absent from the list of factors to be considered is any requirement for assessing the environmental impact of management activities and infrastructure development, and mitigation of those impacts. Those proposals that demonstrate the highest levels of environmental responsibility should be favored in the bid selection process.

* The type of forest management activities proposed by the bidder should also be carefully considered. Intensive monoculture; use of chemical fertilizers, pesticides, and herbicides; and practices which lead to long-term depletion of the soil or significant reduction of the diversity necessary to support the forest ecosystem should be discouraged. Though many such activities may initially appear to boost production, the criteria for evaluation must be long-term, sustainable yield and protection of the state's forest resource base.

* With respect to plant and facilities development, any tacit assumption that "more is better" must be avoided. Facilities must be economically and environmentally justifiable. Past errors, such as the Valdez grain terminal, point out the necessity for careful scrutiny to determine whether infrastructure development is truly beneficial.

* If the bidder constructs such items as roads and recreation improvements, who will maintain them, both during and after the contract period? Is there a means to evaluate whether the improvements are really desirable? Would some areas be better left untouched?

ITEMS TO BE INCLUDED IN AN AGREEMENT

* Maintenance of public access is very important. Without strong provisions, "No Trespassing" signs could effectively lock up public lands.

* Protection of a full range of multiple uses, rather than creation of a single-use timber production category, is a key problem with the entire forest management agreement concept. Though it is good to see concern for other uses incorporated in the proposed changes, that concern is better addressed by the conventional timber sale process. Turning over the complete management of our forests to private industry may well be a mistake. The goal of industry is to manage for profit, not to manage for stewardship of the land and protection of a variety of uses.

* The bond amount must be large enough to allow the state to restore any damage done to public land in the event of a default. As we are beginning to see in other instances, a token bond is not adequate. A review of the likely cost of cleanup and restoration activities for each sale should be required before the bond amount is set.

* The 100-foot buffer strip for rivers, lakes, and streams is grossly inadequate. Past state timber sales with 100-foot buffers have had problems with windthrow, resulting in salvage logging and disturbance of the area inside the buffer. One-quarter mile buffers should be stipulated for all lakes, rivers, and major streams. Feeder streams and minor tributaries should be protected by buffers of at least 100 yards. These requirements should apply to water bodies on borough and private lands, as well as to those actually located on state land.

INCENTIVE FOR IMPROVED MANAGEMENT PRACTICES

* While rewarding better management is desirable, we question how many years it will take before those effects can be reliably measured. Will there be pressure to give out the rewards before the improved production can really be verified? Will contractors employ chemical fertilizers, pesticides, and herbicides; large-scale monoculture; or other techniques that boost short-term production but "burn out" the forest soil and ecosystem and lead to long-term destruction of the resource? Our present state of knowledge may not be sufficient to ensure that we do not inadvertently do such damage. Enhanced production must be carefully examined to determine whether it is truly sustainable over the long term.

OTHER ITEMS

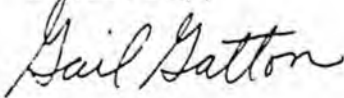
* The only guidance for activities under forest management agreements will be the provisions of our state Forest Practices Act. This act is desperately in need of strengthening; its current requirements are certainly

inadequate to regulate activities under forest management agreements.

* Subcontracting to small operators is helpful, but a more diverse industry that is better attuned to local needs would be created by small-scale conventional timber sales. Small operators will be dependent upon the large contract holder for work, effectively establishing a monopoly and limiting their access to good timber supplies. Would small operations still be able to provide the custom milling, selective logging, and specialty products, such as houselogs and musical-instrument grade spruce, which are not available from large-scale operations? Experience with federal policy in the Tongass National Forest has shown that large contractors tend to dominate and control the market, despite Forest Service efforts to help the small operators.

Once again, thank you for the opportunity to comment. We would be happy to provide any other information as necessary.

Sincerely,



Gail Gatton
Executive Director



Bill Glude
Volunteer



Alaska Center for the Environment

700 H Street, Suite 4 • Anchorage, Alaska 99501 • (907) 274-3621

April 15, 1988

Representative Sam Cotten
PO Box V
Juneau, AK 99811

RE: SB 112 Draft Language

Dear Representative Cotten:

The Alaska Center for the Environment (ACE) appreciates the opportunity to comment on the draft language for SB 112 (forest management agreements).

ACE is opposed to the concept of long term management of public multiple use resources by private industry. Public lands should be managed by public agencies subject to public review and comment, not by private corporations. Therefore, while this bill may be "improved" by certain changes, we remain concerned about the impacts FMA's will have on our public resources.

The following comments are a quick response to the recently released suggested language. Any additional comments after further study will be submitted later. Our initial concerns are as follows:

Public Process

- The proposed contract and the final contract should be available for public and inter-agency review and comment prior to being signed. We are concerned about the possibility of the commissioner making substantial changes in the contract after public review and comment.
- Since FMA's represent substantial investment of public resources, environmental, social, and economic impact studies should be prepared by DNR, DEC, and ADF&G, and made available for public review and comment.
- The best interest finding should be prepared by the commissioners of DNR, DEC, and ADF&G.

Inter-Agency Coordination

This language perpetuates the inadequate provisions of the existing Forest Practices Act regarding inter-agency involvement. Since long-term FMA's are a more significant commitment of public resources than are typical small scale, short-term timber sales, FMA's should be held to a much higher standard of environmental protection. Therefore, the commissioners of ADF&G and DEC should be given the power to consult, review, and approve FMA's.

Contract Extension

- Specific provisions, in the event of non-compliance with state law and/or the terms of the agreement, should be included.
- "Complied" should be substituted for "substantially complied". The operator should be expected to comply fully with state law and terms of the agreement.

Purchaser Credits

- The state should not be required to reimburse the operator if damage due to natural causes was the result of improper design and/or construction.
- At 2(c), add "subject to review and comment by DEC, ADF&G, and the public".

Multiple Variable Bid Process

- The amount of potential environmental impact, and provisions for mitigation, should be a consideration.
- How will the state be able to verify that the number of jobs a bidder claims to be able to provide will actually occur?

Items to be Included in an Agreement

- At item (7), 100' buffers have repeatedly been shown to be inadequate. Buffers this narrow have often blown down and subsequently been removed, thereby resulting in no protection of rivers, lakes and streams. Also, very small tributary streams which are critical for salmon rearing should be protected by buffers. We suggest 1/4 mile buffers at rivers, lakes, and streams, and 100 yard buffers at small tributaries. Substantial, undisturbed riparian habitat is crucial for continued healthy populations of fish and wildlife.
- As stated previously, FMA's should be subject to the highest level of environmental protection. Therefore, provisions for maximum clearcut sizes, reforestation, controls on pesticides and other chemicals, and other concerns including a requirement for sustained yield, should be incorporated in any agreement. These provisions should be specifically established in this act.

Incentive for Improved Management Practices

- It is unclear how this would be determined, considering the lengthy time periods involved in revegetation.

Thank you for your consideration of our concerns. If you have any questions regarding our comments, please do not hesitate to call.

Sincerely,



Alan Phipps
State Land Use Specialist

Susitna Valley Association

9600 Stalnm Drive
Anchorage, Alaska 99516
346-1943

April 16, 1988

Representative Sam Cotten
House Resources Committee
P. O. Box V
Juneau, AK 99811

Attention: Lisa Weisler

Dear Lisa;

Following are the written comments on the FMA proposals you asked me to send down following our telephone conversation.

(1) **Forest Management Concept.** The Susitna Valley Association has serious reservations regarding the Forest Management Agreement concept. This concept is best applied to state forests and private lands where the primary use is devoted to forestry. Most lands in Alaska are public lands and are designated for multiple use. For instance, in the Susitna Area Plan, in every sub-unit where forestry is designated as a Primary Use, it shares that designation with at least two other Primary Uses. No where in the Plan is it the **only** designated use. The FMA concept does not allow for adequate consideration of these other uses. The emphasis and focus is strictly on forestry.

(2) **Private Property.** The FMA concept being proposed gives no consideration to private properties located within, and adjacent to, the sale areas. Again, we are not dealing with a state forest. We are dealing with multiple-use lands that includes "settlement" as one of the uses. The private properties are not "inholdings". They are one of the multiple uses of the area as determined by the state, and sold to individuals by the state for recreational use and/or permanent residences. For instance, within the area under consideration for the Susitna Valley timber sale, there are over 5000 private parcels.

Therefore, the two concerns below must be **included** in any forest management agreement. (1) The state must notify the private property owners within and adjacent to a proposed sale area and give them adequate

April 16, 1988 - FMA Comments
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time to comment. (2) Actions must be taken to lessen potential negative impacts on private properties that a large-scale clearcut logging operation would present. Possible ways the latter could be accomplished would be to allow half-mile buffers around subdivisions, Open-to-Entry areas, and lodges. Areas where there are extensive private properties could be removed from the sale proposal entirely.

(3) **DNR Authority.** We are concerned that the FMA concept, as proposed, gives too much power to one department (DNR), and to one individual (the Commissioner of DNR). The Departments of Fish and Game and Environmental Conservation would only have the right to "review" any timber harvesting plan. The Commissioner of DNR would only have the obligation to "consult" DF&G and DEC on what DNR had decided to do. Even if DF&G and DEC were totally negative on the plan, they would not necessarily have any power to stop, or substantially change, the plan. Whether or not their concerns were given consideration could be left to the whim of the Commissioner of DNR. Since the state would be dealing with multiple-use lands, it is imperative that all three departments have equal power in formulating and approving (or disapproving, as the case may be) the FMAs.

(4) Comments on the proposals for a substitute bill:

(a) Under CONTRACT EXTENSION, on page 3, the "suggested language" states that "the commissioner must find that the operator has substantially complied with applicable state law and terms of the FMA." We would suggest that the word "substantially" be dropped. The operator should expect to be required to **comply** with state laws and terms of the agreement, not only substantially so. If the operator has not complied, legal action may be necessary, rather than a contract extension.

(b) Under PURCHASERS CREDITS, the contractor should not receive a credit if the damage resulted due to negligence on the part of the contractor. For instance, a flood may wash out a road, but only because the contractor failed to put in a necessary culvert. Also, in this section,

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Page 3

agreement, if substantial, may need to be subjected to review and comment by all three state agencies and the public before being allowed to be placed. Such construction which might be of concern would be additional roading, rerouting of streams, bridges, dock construction, etc.

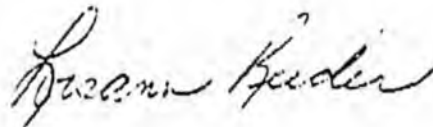
(c) In MULTIPLE VARIABLE BID PROCESS, mitigation efforts to lessen potential environmental impacts should be one of the considerations listed.

(d) Under ITEMS TO BE INCLUDED IN AN AGREEMENT, (7), we would like to see the minimum protection be greater than the stated 100 feet. This should preferably be at least one-fourth mile. Again, we are dealing with multiple-use lands, and one-fourth mile hardly seems like much to give up for other uses such as animal habitat and recreation.

In the same section, still (7), we would like to see "feeder streams" or "tributaries" added to the list for "protection". These feeder streams are even more important to the spawning of salmon than are the primary streams.

We would appreciate receiving a copy of the draft bill when you get it together. If Sam does decide to present a substitute bill, we do hope these suggestions will be given consideration.

Sincerely,



Loisann G. Reeder, President

SB 112 - FOREST MANAGEMENT AGREEMENTS

Goals for forest management agreement legislation:

- Improve public involvement/notice
- Improve inter-agency coordination
- Provide for extensions of an agreement
- Provide for purchasers credits
- Provide for a multiple variable bid process
- Specify items to be included in an agreement
- Provide incentive for improved management practices

PUBLIC PROCESS

To assure public participation in a forest management agreement the following would be required:

- 1) public notice of the intent to have a sale;
- 2) public notice given and hearings held prior to the commissioner entering into an agreement and whenever the agreement comes up for an extension.

The commissioner would make available for review:

- 1) a master plan for the term of the initial agreement;
- 2) an operating plan for the first five years;
- 3) an annual harvesting plan for the first two years of operation;
- 4) the proposed contract; and
- 5) a best interest finding prepared by the commissioner.

Suggested language:

Before entering into or extending an agreement, the commissioner shall provide public notice under AS 38.05.945 (public notice) of the proposed agreement, the written findings and plans and shall hold appropriate public hearings.

INTER-AGENCY COORDINATION

To assure the involvement of the Departments of Fish and Game and Environmental Conservation in a forest management agreement the departments should:

- 1) be consulted prior to the commissioner announcing a potential sale;
- 2) review the best interest finding, proposed agreement and the master, operating and harvest plans prior to the commissioner entering or extending an agreement; and
- 3) be consulted when an extension is being considered.

Suggested language:

The commissioner may, after consultation with the commissioners of environmental conservation and fish and game, and if consistent with a land use plan and land classifications then in effect, enter into a long-term agreement for the management of the forest resources of the state.

Before entering into or extending an agreement, the written finding and plans shall be reviewed by the commissioners of environmental conservation and fish and game.

CONTRACT EXTENSION

The "evergreen" clause would provide for extensions to the existing long-term agreement. Extensions could also be applied for once the initial agreement has expired and the contractor is operating on an existing extension.

In applying for an extension a contractor would submit a five year operating plan for the next five years and an amended master plan covering the extension.

Prior to granting an extension the commissioner would:

- 1) prepare a best interest finding;
- 2) review existing and proposed operations;
- 3) consult with the commissioners of environmental conservation and fish and game;
- 4) find that the operator has complied with state law and the terms of the forest management agreement; and
- 5) provide for public notice and hearings.

Suggested language:

At any time between the 5th and 10th year of an agreement, either during or after the initial term of the agreement, the commissioner may extend the forest management agreement under the following conditions:

- (1) the full term of the agreement after the extension may not exceed 20 years; and
- (2) the contractor shall submit a proposed operating plan for the next five years of operation and shall amend the master plan for the forest management agreement, as appropriate.

In considering an extension of the forest management agreement the commissioner:

- (1) shall prepare a best interest finding;
- (2) after review of existing and proposed operations and consultation with the commissioners of environmental conservation and fish and game, must find that the operator has substantially complied with applicable state law and terms of the forest management agreement; and
- (3) shall provide appropriate public hearings and public notice under AS 38.05.945.

PURCHASERS CREDITS

A credit may be applied against future stumpage payments for replacement of a road or other infrastructure that was damaged by natural causes or if the operator provides items which do not directly contribute to the management or harvest of timber (i.e. scenic turnouts or parking areas).

Suggested language:

The commissioner may grant a contractor credit against future stumpage payments due under the forest management agreement. A credit against future stumpage is not transferable between contractors or between sales and may not be paid in cash. A credit against future stumpage payments may be granted for the

- (1) loss of roads and drainage structures that
 - (A) have future value to the state; and
 - (B) are lost through an act of God; or
- (2) construction of capital items that
 - (A) do not directly contribute to the management or harvest of timber resources;
 - (B) were not included in the initial agreement; and
 - (C) were authorized in advance by the commissioner.

MULTIPLE VARIABLE BID PROCESS

Present law requires the commissioner to award timber sales to the highest qualified bidder. Since forest management agreements involve more than stumpage value, a multiple variable bid process should be instituted.

Suggested language:

The commissioner shall determine the most qualified bidder for a forest management agreement based on a multiple variable bid process. In reviewing bids received the commissioner shall consider

- (1) the stumpage payments proposed by the bidder;
- (2) the amount of the investment in plant and facilities proposed by the bidder;
- (3) the utilization standards proposed by the bidder;

- (4) the number of jobs to be provided by the bidder;
- (5) the relevant experience of the bidder;
- (6) road construction, reforestation and recreation improvements requested by the commissioner; and
- (7) other items requested by the commissioner or offered by the bidder.

ITEMS TO BE INCLUDED IN AN AGREEMENT

Suggested language:

An agreement for the harvest of state timber under this section shall provide for

- (1) the term of the initial agreement, not to exceed 20 years, and conditions for an extension of the term;
- (2) the stumpage prices to be charged for the timber;
- (3) penalties for violation of the terms of the agreement and termination of the agreement;
- (4) public use of state land involved in the agreement, except that the contractor may limit access in an area that is being harvested or where hazardous conditions exist;
- (5) the protection of compatible and noncompatible uses, such as mining and recreation;
- (6) a bond from the purchaser to protect the interests of the state;
- (7) protection of state-owned land within 100 feet of rivers, lakes, or streams to provide soil stability and protect fish habitat, although more state land may be protected as necessary for these purposes;
- (8) the preparation of reports required by the commissioner; and
- (9) other terms, conditions, and limitations determined to be in the public interest by the commissioner.

INCENTIVE FOR IMPROVED MANAGEMENT PRACTICES

If an operator is able to increase the allowable annual cut through his management techniques the incremental volume should be made available at the same or a reduced rate.

Suggested language:

At any time during an agreement, if forest inventory data indicate an increase in the allowable annual cut resulting from the management activities of the contractor, the commissioner may make the incremental stumpage available to the contractor at the same or a reduced rate.

Other items that might be addressed in SB 112:

Renegotiation of stumpage fees

Regulation requirements

Optional items to be required of the purchaser:

- 1) compensation for the scaling services required to account for the timber sold;
- 2) construction and maintenance of access roads necessary for the harvest of timber; and
- 3) designation of areas to be subcontracted to small operators

THE ALASKA WILDLIFE ALLIANCE

P.O. BOX 190953
ANCHORAGE, ALASKA 99519
907-277-0897

May 3, 1988

I am Ginny De Vries speaking for the Alaska Wildlife Alliance. Yesterday and today I attended the House Resource teleconference hoping to testify on SB112. We are concerned that people haven't had an opportunity to testify on the most recent committee substitute. This important bill is passing along much too quickly without discussion.

We are opposed to SB112 because it would allow large areas of public land for private development of an intensive single use logging industry. We think it is premature to enact this legislation without first establishing a comprehensive forestry policy for multiple use lands. The forest management agreement contractor has no incentive to protect fish and wildlife habitat or to maintain adequate wind-form buffers at lakes and streams. Finally it is poor public policy for private corporations to manage public lands for the establishment of a single use industry at the expense of other resources. As today's Anchorage Daily News editorial stated, "Why should any state resource be managed by the special interest that wants to profit from it?"

Thank you for this opportunity to comment.

STATE OF ALASKA
THE LEGISLATURE

FOLCHY STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 3, 1988

SUBJECT: Credits for stumpage fees
(HCS CSSB 112(Res))

TO: Representative Sam Cotten, Co-Chair
House Resource Committee

FROM: Tamara Brandt Cook ^{TBC}
Director
Division of Legal Services

I have been informed that the attorney general's office has expressed concerns about Sec. 41.17.550 of the draft bill relating to forest management agreements. That section permits the commissioner to grant a credit against future stumpage payments due to the state to a contractor in certain cases. As I understand it, the attorney general's office has expressed concerns that this may amount to an "indirect appropriation" and possibly violate the constitutional requirements that expenditures from the state treasury be made only pursuant to appropriations. The question is whether providing for some sort of legislative oversight over the granting of credits solves this perceived legal problem.

In my opinion it would not. If these credits are truly appropriations, they can be accomplished only through enactment of an appropriation bill by the legislature. The legislature may not delegate its power over appropriations to a committee or smaller group. (Kelly v. Hammond, Superior Court, First Judicial District, C.A. 77-4, April 12, 1978) If, on the other hand, the granting of these credits is a permissible executive branch function, exercise of that function cannot be contingent upon legislative approval without raising substantial separation of powers questions. (Marine View Chapter, Juneau Tenants Association v. ASHA, Superior Court, First Judicial District, No. 1JU-80-1037 Civ., November 4, 1981)

Representative Sam Cotten

Page 2

May 3, 1988

While the matter cannot be determined with certainty, I believe that there exists a good possibility that a court would not consider the credits provided for under Sec. 41.17.550 to be appropriations. No money flows from the treasury. There are many situations in which the executive branch makes decisions that affect the amount of money realized by the state treasury and create benefits to third parties (leases, settlement of litigation, etc.) In reaching a decision as to whether the legal risk embodied in Sec. 41.17.550 of the draft is worth taking, the committee may also want to bear in mind the fact that unconstitutional provisions in a bill are severable. (AS 01.10.030)

TBC:gc
WKG3:056

5-0567N ✓
Bradley
4/25/88

Original sponsors: Jones and Sturgulewski

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 112 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to forest management agreements."

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

8 * Section 1. PURPOSE. (a) The purpose of this Act is to authorize the
9 commissioner of natural resources to enter into forest management agree-
10 ments that may include provisions for the development of a plant and facil-
11 ities or services such as reforestation, road construction and maintenance,
12 and recreation improvements and to provide for efficient monitoring of
13 activities under forest management agreements and effective enforcement of
14 terms, conditions, and law protecting other beneficial uses of state land.

15 (b) A forest management agreement may

16 (1) provide for equal consideration of other existing beneficial
17 uses of forest land in an agreement as provided under AS 41.17.010;

18 (2) relieve the state of some of the financial burden of devel-
19 oping and managing a timber sale;

20 (3) provide for the long-term management of state timber, creat-
21 ing stability for the forest products industry and incentives for the
22 responsible use of state timber; and

23 (4) provide an operator with a stable source of timber from a
24 designated area on the basis of successive renewals of contractual rights.

25 (c) The provisions of this Act do not permit an operator to avoid
26 compliance with state laws or regulations affecting environmental conserva-
27 tion, timber practices, fish and game, or any other resource or use of a
28 resource.

29 * Sec. 2. AS 41.17 is amended by adding new sections to read:

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ARTICLE 5A. FOREST MANAGEMENT AGREEMENTS.

Sec. 41.17.500. FOREST MANAGEMENT AGREEMENTS. The commissioner may, after consultation with the commissioners of environmental conservation, fish and game, and commerce and economic development, enter into a long-term agreement for the management of the forest resources of the state under AS 41.17.500 - 41.17.580 if the agreement is consistent with an area plan and land classifications then in effect.

Sec. 41.17.510. MOST QUALIFIED BIDDER DETERMINED. (a) The commissioner shall determine the most qualified bidder for a forest management agreement based on minimum qualifications established for bidders in regulations and in a multiple variable bid process. In reviewing bids received the commissioner shall consider

- (1) the stumpage payments proposed by the bidder;
- (2) the amount of the investment in plant and facilities proposed by the bidder;
- (3) the utilization standards proposed by the bidder;
- (4) the number of jobs to be provided by the bidder;
- (5) road construction, reforestation, and recreation improvements requested by the commissioner;
- (6) measures proposed by the bidder to maintain, enhance, or mitigate the effects on other beneficial uses or resources of forest land; and
- (7) other items requested by the commissioner or offered by the bidder.

(b) The commissioner may establish maximum and minimum development requirements and the maximum annual allowable cut.

Sec. 41.17.520. PLANS. (a) If a land use plan has not been approved under AS 38.04.065, before entering into an agreement that involves more than 1,280 acres, the commissioner shall require the

1 successful bidder selected under AS 41.17.510 to submit a management
2 plan for the land that is or may be subject to an agreement. The
3 management plan shall be developed consistent with AS 38.04.065. The
4 management plan must include

5 (1) an inventory of renewable and nonrenewable resources
6 present, their human uses and their economic value as measured by net
7 present value;

8 (2) location, type, and duration of access;

9 (3) operable timber base areas to be harvested;

10 (4) annual allowable harvest;

11 (5) silvicultural prescriptions;

12 (6) facility development;

13 (7) area-specific management practices or prescriptions
14 needed in addition to forest practices regulations and best management
15 practices to protect or enhance fish and wildlife habitat and harvest,
16 public recreation, and other significant public or private resources
17 and uses of the area.

18 (b) In addition, the operator shall submit a five-year operating
19 plan and an annual harvesting plan for the first two years of opera-
20 tion. The commissioner shall prepare a plan for administrative over-
21 sight of the agreement in consultation with other affected state
22 agencies.

23 Sec. 41.17.530. BEST INTEREST FINDING. Before entering into or
24 extending an agreement, the commissioner shall issue a written finding
25 that the proposed agreement, as supported by the management plan and
26 operating plan submitted under AS 41.17.520, is in the best interest
27 of the state. The finding and all plans shall be reviewed by the
28 commissioners of environmental conservation, fish and game, and com-
29 merce and economic development. The commissioner shall provide public

1 notice of the proposed agreement, the written finding, and the manage-
2 ment plan, and the five-year operating plan under AS 38.05.945 and
3 shall hold appropriate public hearings.

4 Sec. 41.17.540. REQUIREMENTS OF FOREST MANAGEMENT AGREEMENT.

5 (a) An agreement for the harvest of state timber under this section
6 must provide for

7 (1) the term of the initial agreement, not to exceed 20
8 years, and conditions for an extension of the term under AS 41.17.-
9 550(a);

10 (2) the stumpage prices to be charged for the timber and a
11 periodic review and, if appropriate, adjustment of the stumpage
12 prices;

13 (3) penalties for violation of the terms of the agreement
14 and termination of the agreement under AS 41.17.550(c);

15 (4) the update of the operating plan each five years;

16 (5) the update of the annual harvesting plan;

17 (6) public use of state land involved in the agreement,
18 except that the contractor may limit access in an area that is being
19 harvested or where hazardous conditions exist;

20 (7) the protection of compatible and noncompatible uses,
21 such as mining, recreation, and fish and wildlife habitat and harvest;

22 (8) a bond from the purchaser to protect the interests of
23 the state;

24 (9) protection of state-owned land within 100 feet of
25 rivers, lakes, or streams to provide soil stability, protect fish and
26 wildlife habitat, water quality, and other important uses although
27 more state land may be protected as determined in the management plan,
28 the five-year operating plan, or the annual harvesting plan;

29 (10) the preparation of reports required by the

1 commissioner; and

2 (11) other terms, conditions, and limitations determined to
3 be in the public interest by the commissioner.

4 (b) The commissioner shall establish by regulation requirements
5 for access development, harvest, management, including the contents of
6 plans required under AS 41.17.520, and regeneration of timber on state
7 land that is subject to an agreement under AS 41.17.500 - 41.17.580.

8 (c) In an agreement for the harvest of state timber entered into
9 under AS 41.17.500 - 41.17.580, the commissioner may require the
10 purchaser to

11 (1) compensate the state for monitoring and enforcement of
12 the terms and conditions of the agreement and applicable state law;

13 (2) compensate the state for the scaling services required
14 to account for the timber sold;

15 (3) construct and maintain access roads necessary to the
16 harvest of the timber; and

17 (4) designate a percentage of the timber volume to be
18 subcontracted to small operators; the commissioner shall make the
19 final designation from areas included in the operating plan.

20 (d) A forest management agreement entered into or extended under
21 AS 41.17.500 - 41.17.580 must contain a requirement that the operator
22 comply with the terms of the forest management agreement and AS 41.-
23 17.500 - 41.17.580. A forest management agreement entered into under
24 AS 41.17.500 - 41.17.580 must contain the conditions under which the
25 agreement may be terminated by the commissioner on a finding that the
26 operator has not complied with the terms of the agreement or with
27 state law.

28 Sec. 41.17.550. EXTENSIONS OF FOREST MANAGEMENT AGREEMENT. (a)
29 At any time between the 5th and 10th year of an agreement, either

1 during or after the initial term of the agreement, the commissioner
2 may extend the forest management agreement if

3 (1) the term of the extension does not exceed the term of
4 the initial agreement;

5 (2) the contractor submits a proposed operating plan for
6 the next five years of operation and amends the management plan for
7 the forest management agreement, as the commissioner considers neces-
8 sary; and

9 (3) the commissioner, after review of existing and proposed
10 operations and consultation with the commissioners of environmental
11 conservation, fish and game, and commerce and economic development,
12 and other affected agencies and municipalities finds that the operator
13 has substantially complied with AS 41.17.500 - 41.17.580 and the terms
14 of the forest management agreement.

15 (b) Before extending a forest management agreement, the commis-
16 sioner shall

17 (1) adopt a best interest finding under AS 41.17.530;

18 (2) after review of existing and proposed operations and
19 after consultation with the commissioners of environmental conserva-
20 tion, fish and game, and commerce and economic development, determine
21 that the contractor had complied with AS 41.17.500 - 41.17.580 and the
22 terms of the forest management agreement; and

23 (3) provide public notice under AS 38.05.945 and hold
24 appropriate public hearings.

25 Sec. 41.17.560. CREDITS. The commissioner may grant a contrac-
26 tor credit against future stumpage payments due under the forest
27 management agreement. A credit against future stumpage is not trans-
28 ferable between contractors or between sales and may not be paid in
29 cash. A credit may not exceed the value owed to the state. A credit

1 against future stumpage payments may be granted for the

2 (1) loss of roads and drainage structures that

3 (A) have future value to the state; and

4 (B) are lost through an act of God not due to negli-
5 gence on the part of the contractor;

6 (2) construction of capital items that

7 (A) do not directly contribute to the management or
8 harvest of timber resources;

9 (B) were not included in the initial agreement or its
10 supplements; and

11 (C) were authorized in advance by the commissioner; or

12 (3) additional silvicultural treatments beyond those re-
13 quired in the agreement and authorized in advance by the commissioner.

14 Sec. 41.17.570. INCREMENTAL VOLUME AVAILABLE. At any time
15 during an agreement, the commissioner may make the incremental volume
16 available to the contractor at the same or at a reduced rate if the
17 commissioner determines that the management of the contractor has
18 increased the annual allowable cut consistent with the other objec-
19 tives of the agreement.

20 Sec. 41.17.580. OTHER AUTHORITIES UNAFFECTED. The provisions of
21 AS 41.17.500 - 41.17.580 do not affect the authority of

22 (1) the Department of Fish and Game, the Board of Fisher-
23 ies, or the Board of Game under AS 16 or AS 41.99.010;

24 (2) the Department of Environmental Conservation under
25 AS 46.03; or

26 (3) state agencies and municipalities under AS 44.19.-
27 145(a)(11) and AS 46.40.100.

28 * Sec. 3. AS 38.05.120 is amended by adding a new subsection to read:

29 (b) The commissioner may also dispose of timber under