

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

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HOUSE RESOURCES

263

invalidated the former Alaskan in-state processing requirements. This holding acknowledged that federal policy in Alaska also requires in-state primary processing, but invalidated the method used by the State to achieve the same result. The Court's opinion, however, did not prohibit other means available to the State to promote in-state processing. The Court made specific suggestions as to how the State could constitutionally encourage in-state processing. Specifically, the Court noted that Alaska could

- 1) obtain express Congressional authorization.
- 2) choose to sell its timber only to companies who maintain active primary processing plants in Alaska.
- 3) provide a directly subsidize the primary processing industry with discounts on timber sales or cash grants
- 4) pay to have state timber processed and enter the market only to sell processed timber.

The clearest solution to the problem is to for the State to provide for value added processing contingent upon obtaining Congressional authorization, and than seek Congressional authorization. The fact that federal policy currently supports the practice on federal timber sales suggests that such an authorization would merely allow the State to do the same thing that the federal government does now. Other alternatives would include the restriction of FMA's to contractors that maintain processing plants in the State, or providing discounts to such contractors.

Any of these methods may be used to promote value added processing. The concept of forest management agreements (FMA's) has merit, however, the failure to address the value added issue transforms what otherwise might be a good concept into an illusionary symbolic act.

COORDINATED TIMBER DEVELOPMENT

The bill should authorize the State to coordinate timber sale offerings and FMA management with adjacent landowners who wish to participate in the FMA. A possible major advantage of an FMA is to integrate management of an entire forest system irrespective of property ownership. In Alaska State, federal and Native property

lines generally transect naturally defined forest boundaries. An FMA provides sufficient flexibility to coordinate land management and timber harvest activity between diverse land owners. ANILCA authorized coordinated land management from the federal perspective, but State participation regarding timber management has not been authorized by the State Legislature.

Coordinated management can provide substantial economic and environmental advantages. On the economic side, coordinated timber offerings allow participants to take full advantage of economies of larger scale. From the sellers perspective, coordinated sale offerings allow all landowners to achieve higher market benefit. Additionally, coordinated sale offerings and management allow participating owners to reduce administrative costs and to share such costs with adjacent operations. On the environmental side, coordinated management would permit an operator to manage an entire forest unit and avoid conflicting operating practices. In the past environmental damage has been exacerbated from uncoordinated timber harvest activity.

The bill should authorize the Department to coordinate with willing adjacent land owners in construction sale offerings, cost sharing, and timber management activities related to the FMA.

DT: 4/20/94
FR: Jim Sykes
TO: House Resources Committee
RE: Testimony on SB310

My name is Jim Sykes, my residence is northeast of Talkeetna in the Susitna Forest.

I believe you are headed for dangerous legal territory with this bill, and quite frankly I don't see the need for it. We do Comprehensive plans, coastal zone management plans and community plans to prioritize likely uses. I chaired a long community planning process for the 300 square miles of the Chase Comp Plan. Our forest is one of multiple uses, like most forests. This bill creates an unnecessary conflict with the already established planning process and prioritizes trees for commercial timber harvest. The proposed amendment to Section 5 should be stricken.

You should also be aware that where plans are in conflict, it triggers a higher level of review before industry can proceed. For example, if the federal government wants to do something that goes along with a management plan, only an Environmental Assessment may be required. If the project is in conflict with a plan, the National Environmental Policy Act kicks in and a full Environmental Impact Statement is required. This bill could actually create that kind of conflict.

Worse than that SB310 gives the DNR Commissioner almost god-like authority to develop whatever long term forest management agreements she or he feels like. It definitely shuts out the public process, where there is already not enough citizen participation. If you don't have an example of what an FMA is going to look like, you shouldn't pass legislation giving full

authority to the DNR Commissioner to figure it out in the absence of public process.

313
The worst part of this proposed system is that we are basically paying people to cut down our trees and cart them off. We lose in two ways--getting only 10 cents in return for every dollar spent, and the resource is gone. Former State Forester Ted Smith testified before the Chase Comp Plan committee that the Susitna Forest could not be profitable without subsidies for roads and bridges. It's time for the state to wise up and quit being the sucker for anything that sounds like economic development. We have to ask who benefits while the state pays.

Section 2 c is one of those "One-size-fits-all" kinds of laws that won't work. Exempting a sale of a half million board feet in Southeast Alaska might be 20 acres, in my forest it might be 200 acres. Timber sales should be made on an as needed permit basis for sales lasting up to 5 years in length. All timber sales should have extensive public input from communities most affected before they are considered.

Several years ago the values of tourism, recreation and remote uses were figured to have a yearly financial benefit greater than cutting down and selling the entire Susitna Forest. We have a multiple-use forest where recreation is the primary benefit along with local loggers who historically cut from 500-1500 acres a year.

In summary, there is no need for this legislation. I urge you in the strongest terms not to pass it. If I were Governor, I would veto it. If it becomes law and I become Governor, I will work to repeal it in the next session.

I thank you for your time, and hope you will make a wise decision.

If it ain't broke, don't fix it!
Jim Sykes



Alaska State Legislature

Please enter into the record my testimony to the HOUSE RESOURCES
committee name
 committee on SB 310 (CSSB310), dated 3/30/94
bill/subject

I Hereby request that
 the public hearing on this
 bill be extended and rescheduled.
 The public has been shut out,
 wrongfully shut out.

I OPPOSE Bill SB310 based
 on lack of public process, economics,
 bad public policy, citizen rights, &
 environmental questions. There's No need for
 this Bill!

Signed: James J. Sykes
Testifier

Representing (Optional)
PO Box 68 Talkeetna 99676
 Address
MSG 278-7436
 Phone No.

POSITION PAPER

April 10, 1994

CSSB 310: AN ACT RELATING TO TIMBER HARVESTING ON STATE LANDS

The Susitna Valley Association, a coalition of 69 organizations, plus over 4400 individual and business members, opposes CSSB 310. This position paper will address SVA's concerns regarding forest management agreements, as well as the proposed exemption of "small sales" from the Five-Year Timber Sale Schedule.

Forest Management Agreements (FMAs). The public in southcentral resoundingly opposed a large negotiated sale for the Susitna Valley six years ago. That proposal is similar to what is in this bill. The people again opposed various forms of the concept in the legislature from '87 through '90. We continue to oppose it as presented in SB 310.

Several surveys conducted in the Matanuska-Susitna Borough reveal that large-scale timber harvesting and long-term contracts, such as required for forest management agreements, are not popular concepts among over 90 percent of the Borough's resident population. SVA has enclosed a paper which summarizes those surveys.

The paper also provides a brief overview of the Susitna Forestry Guidelines project which involved thousands of people over several years. According to DNR, participants "strongly opposed expanded logging operations" for the Valley, and "cited the importance of the recreation and tourism industry to the Valley's economy and quality of life".

SVA expects, after listening to earlier testimony on SB 310, the response will be similar elsewhere in the state to FMAs being used to manage state multiple use forest lands.

In regards to SB 310, one of its major flaws is that it does not provide for public participation in deciding where the FMAs will be located. That decision will be made by the commissioner, or by a timber company requesting a specific area. The first opportunity for public "comment" is after an area is identified and proposals are received.

Even though SB 310 does require the commissioner to consider certain multiple use values in arriving at a decision, it has been SVA's experience that DNR does not have the data base or personnel to adequately evaluate or represent many of the non-timber uses of the forest land. SVA sees this as a serious gap in the credibility of the process, particularly for an area such as the Susitna Valley which has a complex remote recreation and related tourism economy.

SB 310 gives far too much authority to the commissioner in negotiating the terms of an FMA. Those negotiations, including decisions involving roads, reforestation, facility development, and silvicultural practices, will be made between the commissioner and the contractor outside of public or legislative purview. The general public, including

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impacted businesses, local communities, recreationists, and property owners, appear to have no opportunity for input into these decisions until the FMA area comes up for renewal in 20 years.

There is no question that forest management agreements, once in place, advance timber harvesting as the priority use of the land. They close the door on other forest dependent uses and values that may be even more important economically and culturally than logging. They remove the necessary checks and balances so important in managing, rather than exploiting, our resources. They are expensive. In Canada expenses have run two to three times income, requiring long-term financial commitment on the part of the governing body. FMAs are not likely to be the answer to Alaska's fiscal problems.

The exemption of "small sales" from the Five-Year Timber Sale Schedule. If the intent of the proposed amendment in Section 2 of the bill is to allow flexibility for Division of Forestry, but still ensure that the bulk of the sales goes through the plan process, then the amendment is flawed for the Susitna Valley. It would exempt a full 67% of our sales from the current Five-Year Timber Sale Schedule.

A half-million board feet is not considered "small" in the Valley. While that volume may equate to only about 20 acres in southeastern, in the Su Valley where our so-called "commercial forest lands" average only 2549 board feet per acre, that equates to 200 acres. If the sale is for selective harvest, it can impact many times that area. These are substantial harvests in an area that has over 17,000 private properties, 52 remote lodges, and numerous small communities diffused throughout the area; not to mention a recreation and tourism economy that generates over \$15 million annually, and which has invaluable fish and wildlife habitat.

This proposed amendment is "broke" and needs fixing.

In conclusion SB 310 appears to accommodate a small group, primarily of outside corporate interests, who's sole purpose is to make money from cutting our trees. And, they've told you maybe they can make it work, but only if you give them full control over huge enough blocks of the forest land, and only if you commit the land to them with logging as the priority use for a long and indefinite period of time.

In support of responsible resource management and development, and in support of existing businesses that are dependent on an intact forest, SVA asks that you reject this bill. Thank you.

Loisann G. Reeder, President
Mike Bronson, President, Wasilla Chapter
Roberta Sheldon, President, Talkeetna Chapter

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

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

Senate Bill 310

1987 SUSITNA VALLEY TIMBER SALE PROPOSAL

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

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

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

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

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

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

ISSUE QUESTIONNAIRE; Rep. Curt Menard; February 1990.

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

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

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

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

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

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

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

Dated: March 22 1994

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

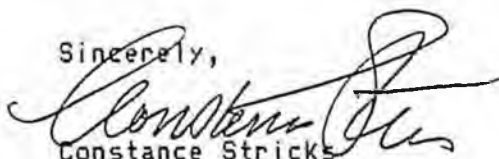
To: Bill Williams
Chairman of House Resources
FAX 465-3793

I am opposed to the passage of SB 310 as it is currently written. Amending the primary purpose of the State forests from multiple use to commercial timber development and creating the proposed long-term FMAs, I think will prove to be not only short sighted but, ultimately, detrimental to both the economy and natural resources of the State. The proposed long-term contracts and attendant obligations do not allow sufficient flexibility to react to changing conditions in, e.g. public values on land usage, critical habitat demands, or world market needs.

If such a bill is to be passed, the State must require that the contract period be reduced to no more than 5 years, that FMA harvest levels be adjustable to changing conditions, that FMA contractors be required to be responsible for scaling, road construction, reforestation and restoration of their areas, that fines and penalties be established for contract and regulatory violations, that overseeing agencies such as DNR and Fish & Game be funded sufficiently to monitor compliance, and, finally, that provisions exist for local hire.

After considering the issues and ramifications of SB 310, I feel that it is ill-conceived, panders to special interests, and attempts to support a bloated budget. As written, this bill's passage would demonstrate both negligence and irresponsibility on the part of our legislators to the people of the State. Alaska is still a very special place in terms of the extent of its wilderness areas and natural resources and the heritage this can offer our children. I feel it is incumbent on all of us to develop and nurture a proper relationship to this environment, and that it not be plundered for potential short-term gain. I think this bill violates that trust.

Sincerely,



Constance Stricks
PO Box 81437
Fairbanks, AK 99708



Alaska State Legislature

Please enter into the record my testimony to the House Resources
committee name

committee on SB-310, dated 20 April 1994
bill/subject

I am opposed to SB-310 as written since I believe that the multiple-use management as stated in the current Sec. 41.17.200 should be retained. I believe that this Bill unnecessarily limits other economic development and recreational uses of forest lands by making them subservient to timber harvesting.

I also have reservations about the proposed possible twenty year length of contracts since the forests under consideration are varied (about fifteen per cent white spruce and the rest approximately equally divided between hardwood-spruce and hardwood stands) and could probably be more efficiently and responsibly managed and harvested in shorter, possibly renewable, contracts

I am a 30 yr resident of Fairbanks vicinity and am an exploration geophysicist. Thank you for your consideration.

Signed: Jenneth R. J. J. J.

Testifier

Jell

Representing (Optional)

1191 Eastwood Lane Fairbanks, Alaska 99712

Address (907) 457-8502

To: Troy
Fm: Thyeas

1 page

Statement of Support for SB-310 Which Would Authorize Forest Management Agreements
by John L. Sturgeon, President Koncor Forest Products
March 1, 1994

Koncor Forest Products Company is a native owned company that has been involved in forest management in Alaska since 1977. Koncor currently has forest management activities in Southeast Alaska, Prince William Sound and the Kodiak area. These activities generate in excess of 300 full time jobs in Alaska with annual revenues in excess of \$60 million.

Koncor believes that the forests of Interior and Southcentral Alaska hold great potential for the development of a sustainable medium size forest products industry. Due to the lack of timber supply worldwide, markets for Alaskan forest products are very strong and expected to stay that way for the foreseeable future. This is critical since in past years timber markets for Interior type timber were not high enough nor stable enough to attract sufficient capital to develop infrastructure.

Since it is generally agreed that strong timber markets are here to stay the next most important component needed to develop an Interior timber industry is a steady, reliable supply of raw material. If investors can be assured of this steady reliable supply of raw material they will be willing to invest in the construction of infrastructure. This infrastructure would include the construction of processing facilities, mainline roads, rail loading facilities and the purchase of modern timber harvesting machinery. This infrastructure could be built without the need of government support in the form of loans or loan guarantees. This can be accomplished by the private sector if they have access to a long term, reliable supply of timber, assuming the timber is sold at market price and government regulations don't suffocate the industry. The forest management agreements that would be allowed under SB-310 would provide the basis for securing the needed long term reliable supply of timber.

While this legislation would provide an avenue toward the management of Alaska State forest lands, it would not do so at the detriment of the forest environment. The State of Alaska would still retain control of the land and the practices undertaken. However, this would result in much less cost to State government. Koncor believes that the Forest Practices Act and provisions of this legislation would result in protection of fish, wildlife, and other public resources.

The legislation still provides for public comment and comments by all public agencies. In no way would this legislation lock anyone out of the process. It would also not damage any of the other important industries which rely on the forest environment.

Alaska State forest lands are in need of careful management activities if we are to protect wildlife, watersheds and the economic values they contain. If we do not soon start the management of our State forest lands, the chance of some natural disaster, such as wildfire or the spruce bark beetle, destroying these values, will continue to increase.

In summary, Koncor supports SB-310 because it is a practical means to encourage the development of Alaska Interior forests. Forest management agreements, which would be authorized by this legislation, would provide the key component to building a strong forest industry in Alaska. These key components are a steady reliable supply of timber at market prices.



Alaska State Legislature

Please enter into the record my testimony to the _____
committee name

committee on S.B. 310, dated 15 April 1994
bill/subject

This bill is the first time I've ever felt motivated enough to figure out how to give testimony, and actually follow through. I am not a regular member of the AK Northern Environmental Center - I am a longtime resident of Fairbanks and the Tanana Valley, and I love it here. I am in opposition to this bill. I used to live in Oregon and I know how the big timber companies operate. They will say now that they will only harvest a limited amount timber, but after 20 years, after people and their families have become dependent on logging at a certain rate, they will say they need more timber. They will pit jobs against quality of life. They will get their way until there is no harvestable timber left, and then they will leave - leaving people and their families with no work and bitter feelings. PLEASE don't let this

(over)

Signed: Susan A. Steinacher
Testifier

myself
Representing (Optional)

1610 Jones Rd, Fairbanks, AK 99709
Address



Alaska State Legislature

Please enter into the record my testimony to the HOUSE RESOURCE
committee name

committee on SB 310, dated 4.15.94
bill/subject

STATE AGENCIES ADMINISTERING PUBLIC RESOURCES SHOULD BE ACTING AS COORDINATORS + PLANNING ADVISERS TO LOCAL POPULACE (OWNER/OPERATORS, SUPPORT SERVICES, AND RESIDENTS IN THE REGION). DEVELOPMENT IS NECESSARILY SLOW AND AT SMALL SCALE TO BEGIN WITH IF LOCAL CONTROL BY THOSE AFFECTED IS TO BE MAINTAINED. GROWTH FROM SMALL BEGINNINGS WILL TAKE PLACE IF PUBLIC AGENTS FOSTER THESE LOCALLY CONTROLLED EFFORTS TO DEVELOP.

THIS BILL IS AN EXAMPLE OF STATE AGENCIES (+ THE LEGISLATORS) ASSUMING THAT THE PROCESS OF EXPLOITING RESOURCES FOR MONEY (IN THE NAME OF "THE PUBLIC") IS THEIRS TO EXERCISE. I OPPOSE THIS OPERATING PREMISE.

ENSURE THAT LEGISLATION DIRECTS RESOURCE AGENCIES TO PROVIDE PLANNING + ACTION SUPPORT TO THE LOCAL SMALL-BUT-GROWING OWNER/OPERATORS AND THOSE IN THEIR REGION TRYING TO LIVE WITH THE RESULTS,

Signed: David Steward
Testifier

SELF-EMPLOYED OWNER/OPERATOR (LOCAL BUOYANCY) ADDING VALUE TO LOCAL RESOURCES (CERAMIC)

1009 O'CONNOR
Address FBKS 99701

CORRECTION

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



Alaska State Legislature

Please enter into the record my testimony to the _____ committee name

committee on S.B. 310, dated 15 April 1994
bill/subject

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(over)

Signed: Susan A. Steinocher
Testifier

myself
Representing (Optional)

1610 Jones Rd, Fairbanks, AK 99709
Address

happen to our community. The big timber companies are not in our best interest. Please rethink how to proceed with logging in the Tanana Valley.

I propose that you consider subsidizing the start-up of small local owned logging companies and mills. The price of lumber has risen dramatically.

We can supply our framing, general construction, and log home construction, at a lower cost using local labor, local lumber, and locally owned companies that are investing in the long term, renewable resources of the Tanana Valley - not just for their children, but for their children's children, and on indefinitely.

PLEASE DO NOT BRING THE BIG TIMBER COMPANIES INTO OUR VALLEY - WE CAN DO MUCH BETTER FOR OURSELVES AND OUR FUTURE WITHOUT THEM. I challenge you to be innovative, to think small, and to think forever.

Thank you.



Alaska State Legislature

Please enter into the record my testimony to the House Resource
committee name

committee on SB 310, dated 4.15.94
bill/subject

STATE AGENCIES ADMINISTERING PUBLIC RESOURCES SHOULD BE ACTING AS COORDINATORS + PLANNING ADVISERS TO LOCAL POPULACE (OWNER/OPERATORS, SUPPORT SERVICES, AND RESIDENTS IN THE REGION). DEVELOPMENT IS NECESSARILY SLOW AND AT SMALL SCALE TO BEGIN WITH IF LOCAL CONTROL BY THOSE AFFECTED IS TO BE MAINTAINED. GROWTH FROM SMALL BEGINNINGS WILL TAKE PLACE IF PUBLIC AGENTS FOSTER THESE LOCALLY CONTROLLED EFFORTS TO DEVELOP.

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Signed: David Steward
Testifier

SELF-EMPLOYED OWNER/OPERATOR (LOCAL BUOYANCY) ADDING VALUE TO LOCAL RESOURCES (CERAMIC)

Representing (Optional)

1009 P' CONNER

Address FBKS 99701

OPEN LETTER TO ALL
MEMBERS OF COMMITTEE
Dear Editors
H. Resource

You would expect a group made up of Scientists, professional wildlife managers, and Conservative enforcement officers, to be correct, logical, and precise. But if you read Saturday's Compass (3/26/94 Anchorage Daily News) you would be as perplexed as I was. The policy of the Wilderness Society is anything but correct, logical or precise. At best it is an emotional (retorical) statement. I can't believe professionals would be associated with the likes. Caribou/Reindeer ranching is now practiced and only for a specific race of people. "Land occupied by ranched or herded game, is land from which free ranging wildlife is excluded." Ask these boys and girls why they aren't working to ban natives from using millions and millions of acres for Caribou raising. The policy seems to be - NO white Alaskans

Again and again the word unscrupulous is used. A word I'm ~~personally~~ familiar with and attribute to this type of misinformation. I mainly attributed it to ^{some} current and former state personel. Just recently Fish and Game's Commission's

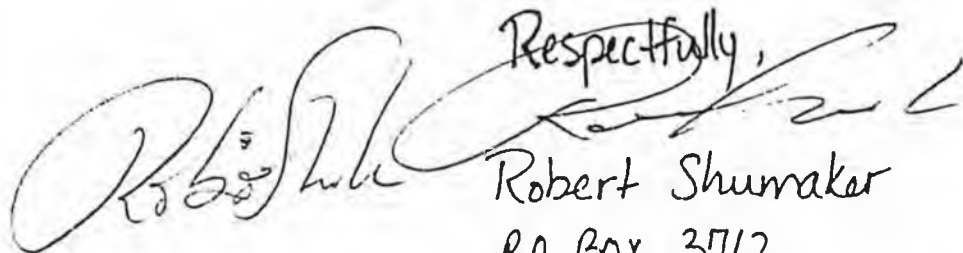
Wayne Reagin attempted to misinform the public about Doug Welton and his intentions. Doug has been an ardent supporter for moose farming. An honest Joe trying to make and enhance his living. A darn hard worker, self employed and not wealthy. i.e. he's typical of the majority of us. I'd love to see Wayne and his overpaid buddies work for themselves, where holidays ^{and} vacations aren't ~~pay~~ paid days off.

"Game ranching poses the risk of spreading disease and parasites" and the paragraph goes on to cite tuberculosis. I should inform these professionals that our state is tuberculosis free. I'll address the reference to meat only with ~~the~~ ^{their} discredited DEC's competence. Talk to the people doing time for illegal meat sales. There will always be someone who will break the law, that doesn't mean driving 56 miles an hour is right.

^W The public should contemplate the philosophical implications of reducing the status of wild species to privately owned domestic livestock.

This is a room with No walls. Fox, bison, elk
mink, muskox, Deer, Caribou (limited only to
natives), are all domesticated animals. When
you see them in the "free ranging Condition"
does the fact that they are domesticated cause
your ~~to~~ philisophical feelings of "wild ~~to~~ change?"
I guess the wildlife Society has already
answered that.

It's ironic that we consumptive users pay
nonconsumptives to control us. Maybe English
Common law ~~never~~ ~~left~~ still exists

Respectfully,


Robert Shumaker

P.O. Box 3712

Palmer, AK 99645

746-4453

TO: Bill Williams, House Resource Committee April 20, 1994

FROM: Peter Shepherd, 1012 Galena St. Fairbanks, AK 99709

SUBJECT: SB 310

I support SB310 and urge it's passage in the House.

Various anti-development groups and preservationist activists are attempting to derail this bill. Their objectives are largely personal opinion and reflections of an ideological bent towards "nature knows best". I suggest these groups have co-opted ADF&G (Habitat Division) participation in an attempt to block or impede this bill. The ADF&G estimates of annual expenditures are misleading, inaccurate, and intellectually dishonest, reflecting shoddy unprofessional work.

The so called "public outcry" against this bill has been led by the Northern Environmental Center and Boreal Forest Council of Fairbanks. These groups have spared little expense to impune the authors of this bill as well as to seek it's defeat. Suggestions that the entire Tanana Valley would be denuded of trees, small log processing operations would be eliminated, vast clear cuts imposed on the forests, and demands for fiber would outstrip forest sustainability are a few examples of their fear mongering tactics.

My professional opinion, as a retired wildlife biologist, is that enactment of SB 310 will permit and encourage maximum use of Interior forests without deleterious effects on wildlife or other forest uses. Indeed this bill compliments the recently signed into law SB77 habitat improvement requirements. Statehood gave us lands for an economic base, development of these resources on these lands is a constitutional mandate. Neglect of this potential, based on emotional rhetoric, will not benefit or insure a healthy economy.

Peter Shepherd

474-4685

PLEASE
 FAX TO
 H. RESOUR.

April 20 testimony House Resources SB 310
 Rep Williams and committee

Hello. My name is Mary Shields I am a 29 year resident of Fairbanks. I work in tourism and I am an author. Everyday in the summer, visitors tell me how precious Alaska's natural beauty is. They tell me to be sure we don't make the same mistakes made other places outside. I tell them I will and I take my responsibility seriously. That is why I am here today.

Thankyou for listening to me. Unfortunately many people went home this morning and do not that the hearing is reopened. I hope you will schedule and publizie an evening hearing so working people can speak to you. Also many of us contributed in raising air fares to send 3 of Fairbanks ' finest and most creative minds down to you; Dr. Jan Dawe, Dr. Glen Juday and Dr. Colln Reed. I hope you will make time in your busy schedules to talk with them and learn from their expertise. I realize you are nearing the end of the session...you are stressed to the max and you must be very tired.

Please don't make foolish mistakes in your weariness. We the people will have to live with those mistakes forever.

The people in the Tanana Valley did not ask for large -scale timber development and we do not want it. That you could go ahead , after the overwhelming testimony across the state this morning is alarming.

And believe me the alarm is being heard clearly around Fairbanks.

I urge you to oppose SB 310 for the following reasons, and I will keep it simple.

1. The people living in the Tanana Valley have told you we don't want it. This is very important to us, this is our home. We can put up with cold, dark and long winters, but we can't put up with living in the middle of a clear-cut. We don't have mountains, or tides or glacier nearby. We have trees.
2. There is no local-hire provision. Fairbanks would have a had time supporting new families who move to town from other depressed logging communities out-of-state. Please hold the bill until you can get a waiver than will protect against ou-of-state migration to take the jobs.
3. FMA's have been disasterous everywhere else they have been tried with only 1 or 2 exceptions. DOF can't even manage the present 1000 A. harvest without wasting a lot of the trees. If you doubt me, let me show you the Left Fork sales..and show you pictures of what a mess that is. Seeing current practices is what caused me to get active to stop more of the same BAD management. Management is more than just cutting down trees, although DOF seems to ignore this.

4. Some of the best foresters in North America, (Jerry Franklin, Gray Jones, Chad Oliver,) recently visited Fairbanks. They all said the management must start from the people up. SB 310 is coming from a few at the top down, and it is headed for disaster. Last Friday Senator Frank admitted that he didn't have a personal knowledge of how FMA's work or don't work. But he thought there were people who thought they worked. I'm sorry but that just not good enough. We have to live with these things and we expect a lot more homework on the part of our legislators.
Why is Senator Frank pushing so hard for this bill when his district is so opposed to it?
5. We don't have the economic or biological data to know it is worth the risk. We need a cost/benefits analysis before we give it all away along with all future options.
 5. There is no local hire provision. Fairbanks would have a hard time supporting new families who move to town from other depressed logging communities.
6. REAL value-added processing would provide lots of job using few trees. Small local business will be squeezed out if the Jumbotron, international industries are attracted by cheap "raw material" Competitive bids would bring much higher stumpage prices than the FMA system. The state really can't afford to give our resources away, and I hold your committee responsible for this protection.

CHANGE is coming, no mistake. But let's work together to invite change that will make our lives better. Yes we need jobs, but the people are not willing to pay the price of locking up our forest for the next 20 years.

Slow down...use your common sense....and hold off on this bill until we really know the costs and benefits in terms of all jobs using the forest, of clean air and water, and healthy habitat for people and wildlife.

Please attend or have your aides attend the next FORESTRY FORUM, in Fairbanks April 29-30 Herb Hammond, a well known forest ecologist, will share the experiences of British Columbia and try to help us learn from their mistakes. The people want to have community control of our forest. The 5 year plans and guidelines like the Susitna Valley has, are better ways to go. The public process must be respected. Public comments and not just to be given, they are to be listened to and worked with. We can not afford to divide our communities even more than SB 310 has already done. Fairbanks is a small town. We need to live together and work together to assure our best future

Mary Shields
 po box 80961
 Fairbanks 99708
 455-6469 phone and fax

Mary Shields

FAX TO Representative Bill Williams, House Resources Chair, 465-3793

April 15, 1994

Dear Rep. Williams,

I'm a lifelong Alaskan and I operate a business in Fairbanks with my father. I'm very familiar with Alaska's boom and bust economy, and I certainly favor a diversified economy. Although we're not opposed to logging, my family and I have grave concerns about SB310 as it now stands. I hope you'll address our concerns before you pass SB310 out of the House Resources committee.

First, reassure us that only a limited acreage of our total state forest will be committed to the long-term contracts, so our economy can remain diversified (and parts of the forest landscape will remain aesthetic). Be sure that the proposed Forest Management Agreements mesh with local communities' land use plans.

Promise us that the state is going to make money, and that our local smaller-scale loggers won't get shut out of the deal. Assure that there will be no state subsidization of this industry. (There will certainly be a cost to the state to conduct this business.)

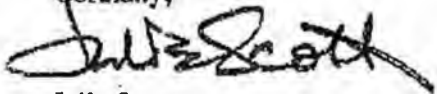
Show us that the companies will find it economic to build processing plants here. Reassure us that somehow, local hire can be mandated. Assure that out-of-state loggers won't come here seeking employment, only to eventually end up on our unemployment rolls. (My friends from Southeastern Alaska tell me that more than half of the people currently working in the timber industry aren't Alaska residents.)

I've read the bill that the Senate passed, and it doesn't address these concerns. Since we are venturing into new territory here, let's proceed with caution. At the very least, give the state an "out" by changing the language of the bill to shorten the length of the contracts. And if it's unconstitutional to mandate in-state processing and local hire can't be mandated, maybe SB310 needs to be reworked altogether.

I'm concerned that you haven't been hearing from a representative cross-section of Alaskans because we're busy with our lives, and testifying on legislation isn't a familiar process to us. But believe me, this bill is being discussed in many circles. Just in the last couple weeks I've heard opposition from people at the athletic club, at my quilt guild meeting, in our office and at a neighborhood potluck. People are opposed to the bill (although not to resource development in general). As it stands now, this bill is not the optimum vehicle for developing our timber industry.

Thank you for considering these points as you address this legislation

Cordially,



Julie Scott
PO Box 80435
Fairbanks, AK 99708
FAX (907) 479-4329



Alaska State Legislature

Please enter into the record my testimony to the House Resources
committee name

committee on SB 310 Lumber Resources dated 4-14-94
bill/subject

- ① Feel timber should not be cut at all if we have to subsidize the effort.
- ② We should not sell any timber abroad unless its outside of a 200 mile radius of a mill. Anything within that radius should go to the mill or not be cut. Should get feds to adopt a similar rule.
- ③ No clear cuts should be allowed if visible from a main tourism thoroughfare such as the Seward Highway, Exit Glacier Road, Resurrection Bay etc.

Signed: Michael Sela MICHAEL SELA
Testifier

Representing (Optional)

Box 912 Seward
Address

224-3125
Phone No.

April 20, 1994

House Resource Committee
Alaska State Legislature

I am a lifelong Fairbanks resident. I work in the visitor industry. This letter is the testimony I offered this morning to the House Resource Committee on SB310.

First I want to register my disappointment in the way your committee has handled the public hearings on 310. On Friday April 15th, at no time did you ever acknowledge the people gathered statewide to offer testimony on SB310. Further you have decreed today that you have only 2 hours time to offer all of us, & only 2 minutes per person. Clearly many voices will not be heard by your ears. Rest assured we will not be silenced by filibustering myopia. This is our home. What we say is worth your time. We hired you; we can fire you.

That stated, allow me to speak my opposition to SB310.

Consider why, after decades of non-interest the forests of remote Alaska are suddenly interesting and potentially profitable to the timber technocrats. Plain and simple: this industry has destroyed its resource base everywhere else.

Also consider that people are spending millions of dollars every year to visit Alaska. They come here because we have what they want, what they no longer have: intact wilderness, standing & never-logged forests, wild & healthy populations of endemic species. If we destroy what we have, these people will take their dollars elsewhere.

The price of Alaska will only rise as everyone else continues to live beyond the capacity of their homelands. We must not cave in to pressure to irrevocably develop & destroy our forests.

We Alaskans must preserve what we have - manage it locally, sustainably, on a small scale for modest gain. You do not have the right to invite these rude outside profiteers to my home. I don't want them here.

Eventually the intact forests of Alaska will be worth more than all the timber ever produced the world over.

Oppose SB 310. Allow community councils to draft consensus forestry management proposals for consideration next legislative session.

Sincerely,



CRISTINA SCHNEIDER
P.O. Box 80883
FAIRBANKS, AK 99708



Alaska State Legislature

Please enter into the record my testimony to the HOUSE RESOURCES
 committee name:
 committee on SB 310, dated 4/15/94

Thank you for the opportunity to testify.
 I would like to register my objections to SB 310. I am very concerned about the proposed changes in state forest policy which would make timber harvest a priority on state lands. State lands should be available and managed in a way that provides multi-use capabilities for the citizens of Alaska. I ask that if this bill is passed, which I believe it should not be, that you require FMA's to be consistent with municipal land use plans, that you include provisions for penalties and fines for contract & regulatory violations, that you FULLY FUND DNR and ADF&G so that they can adequately monitor the FMA's. I also feel that such legislation must make the contractor responsible for ALL costs to the state related to administering, monitoring, and enforcing FMA. I would also like to see the state require that value be added to timber. Public resources should benefit the public so lumber should be milled in Alaska and the FMA should include a local hire provision as well. I hope you will consider my recommendations and again I thank you for the opportunity to testify.

Signed: Krista Rogerson KRISTA ROGERSON
 Testifier
SELF
 Representing (Optional)
Box 1386 VALDEZ AK 99686
 Address
(907) 835-3788
 Phone No.

9/85 Legislative Information Office

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To <u>Rep Williams</u>	From <u>Wackley L.I.C.</u>
Co.	Co.
Dept.	Phone # <u>835-2111</u>
Fax # <u>465-3793</u>	Fax #



Alaska State Legislature

Please enter into the record my testimony to the Resources
committee name
 committee on SB 310, dated 4/15/94
bill/subject

I would like to add my voice to chorus of those I have heard speaking in opposition to SB 310. My participation in public forums, as reader of the newspaper and a citizen of this state, has left me with the lasting impression that a majority of those affected (local residents) by this bill are ^{pos-} ition to it. In a representative Democracy it is your obligation to represent the will of the people. Please fulfill that obligation and dispense with this harmful piece of legislation. The reasons are plentiful and are more economic than ecological.

Signed: *Carl Roland* CARL ROLAND
Testifier

Thank you very much.

Representing (Optional)
2382 Olivia Lane, Fairbanks AK
Address



Alaska State Legislature

Please enter into the record my testimony to the House Resources
committee name

committee on SB310, dated April 15, 1994
bill/subject

I am primarily a recreational user of the Sanana Valley State Forest and my winter's supply of firewood is harvested there by either myself or local folks who cut firewood for a living. As a resident of Fairbanks, I am here to share serious concerns I have regarding Senate Bill 310. While the bill continues to undergo revision due to intense public pressure, it is still seriously flawed in that it does not honor existing multiple use.

The root of my concern is that SB310 places the priority for use of our forest on developing commercial, large scale logging operations rather than managing for existing multiple use such as subsistence hunting + fishing, recreation, and small scale logging operations. SB310 takes land away from users such as myself and gives it away to big timber corporations from outside our state. Urge you to honor the plurality of use in our state forest and kill senate Bill 310 in the house.

Signed: Mary Katherine Romberg
Testifier

Representing (Optional)
POB 81444 Fairbanks, AK 99708
Address

CARL ROSENBERG
1832 WOLVERINE LANE, FAIRBANKS 99708
479-3077

Dear Senator,

I am a woodworker and energy consultant. I am concerned about SB 310. I am concerned about the long term FMA's and the lack of public involvement. There has not been a valid forum for public input and for consideration of what the public wants for it's lands. I am concerned about closing out small, local, responsible, long term users of our timber resources. I do not support locking up our forests. I do not want to stop efficient utilization of our resources.

New jobs do not only come from resource extractive businesses, but can be replaced with those in resource conservation. I am an example of that. Energy conservation and weatherization jobs have been shown to be one of the best investments a community can make. The money stays in the community, and results of the work last a long time.

I have personally viewed the incredible waste by large scale timber harvest practices, in interior Alaska and Southeast. It is our responsibility to utilize our resources carefully, wisely and efficiently. Large scale resource extraction works in opposition to these ideals. Large scale timber development means large scale waste. I have seen it repeatedly throughout the state.

Short term financial boom end long term bust. I support local businesses that use our resources wisely and are locally responsible. It is time our legislators start listening to their constituency. We want long term, sustainable solutions.

Sincerely,

Carl Rosenberg



Alaska State Legislature

Please enter into the record my testimony to the _____
committee name

committee on SB 310 , dated April 20, 1994
bill/subject

This is the third time I took off from work, came to the LIO on time for a hearing and was not allowed to testify. I am infuriated. I oppose 310. It is not in the STATE'S interest. FMA's have not worked in Alberta, in Southeast & in Scandinavia. The Republican majority is intent on cramming this down our throats despite overwhelming public opposition. We need to go back to a public process system if indeed the forest practices act needs amending AT ALL.

Not one person I know supports this bill. It should be killed or at the very least Tabled until a comprehensive inventory & public hearings are conducted.

Signed: Rennie Rosenbergs
Testifier

Representing (Optional)
841 Ninth Av Fairbanks AK 99701
Address



Alaska State Legislature

Please enter into the record my testimony to the House Resources Comm.
committee name

committee on SB 310, dated 4-20-94
bill/subject

It is correct to distinguish the Alaska boreal forest from forests both in other portions of Alaska & in the lower 48 however there are lessons which we can learn from large-scale, long-term intensive logging in these regions (FMA's).

The relatively low quality of our forests & their poor proximity to major markets implies that state gov't. would have to provide a large financial commitment (eg. providing infrastructure, absolving the FMA holder of responsibility to replant, tax abatements, etc) to attract companies to apply for FMA contracts. Further the state would have to evaluate ^{as a monitor} impacts of such contracts on fish & wildlife populations & on watersheds.

Timber production is not the only value of forests. There are, among other uses, also fish & wildlife, recreational, life style & aesthetic values which must be considered. For short periods, large-scale, intensive cutting may benefit a few spp. of But, if the goal of forest mgt. in Alaska (as stated in SB 310) is intensification of commercial output & includes regeneration of merchantable species (not likely to be willow); it seems that wildlife values, among others, will be lost.

Twenty year contracts do not allow us as a state to respond to changes in technology, information re forest ecology, economics or societal values. (over)

Signed: Anne Ruggles
Testifier

Representing (Optional)

POB 82950 Fairbanks Alaska 99708

Address

Afognak Logging

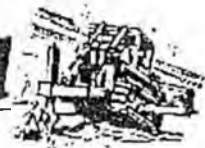
A DIVISION OF

Kodiak Lumber Limited

(907) 224-3130

Box 610

Seward, Alaska 99664



April 19, 1994

Representative Bill Williams
Chairman, House Resources Committee
State Capital, Room 128
Juneau, Ak. 99801

Please support SB310 as good public policy to create jobs and protect forest health. We must manage our State lands because we cannot count on the Federal government to manage theirs. Forest Management Agreements will still have the protections of the Forest Practices Act, including stream buffers.

Sincerely,

A handwritten signature in cursive script that reads "Albert Schafer".

Albert Schafer
President

Northern Timber Corporation

PO. BOX 1120
HAINES, ALASKA 99827-1129
TEL (907) 788-2821
FAX (907) 788-2822

copy to
TJER

March 4, 1994

The Honorable Mike Miller, Chair
Senate Resources Committee
State Capitol, Room 423
Juneau, Alaska 99801

Re: SB310

Dear Senator Miller:

This note is written to express our support for SB310, and am optimistic that it will become law which will further benefit Alaskans.

I live in Haines which is surrounded by State forests only to see inter-agency and special interest problems destroy a valuable resource. It's disappointing that the Spruce Bark Beetle has become the "harvester" of the Chilkat Valley.

Sincerely,

NORTHERN TIMBER CORPORATION



Roger J. Schnabel
President

S/j

cc: AFA - Troy Reinhart

\SB310



Alaska State Legislature

Please enter into the record my testimony to the Resource Committee
committee name
 committee on SB 310, dated 4/20/94
bill/subject

~~to~~ This bill seems to pave the way for a give away ~~or~~ export of this valuable state resource. Judging from the track record of other PMA's elsewhere, they seem mainly to facilitate resource extraction.

This resource will only grow more valuable with time, and selling a long term contract ~~at~~ for these resources at today's prices is to the detriment of the state. Especially if the state must make expenditures to facilitate this.

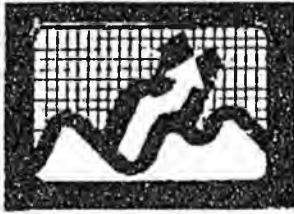
I oppose SB 310

Signed: Josh Helms
Testifier

Representing (Optional)

P.O. Box 84244 Fairbanks AK 99708-4244

Address



Fairbanks Industrial Development Corporation

April 20, 1994

VIA FAX

Representative Bill Williams, Chair
House Resources Committee

Dear Representative Williams:

Here is further testimony in support of SB 310.

Timber industry development in the Tanana Valley has been getting a bum rap lately. Perhaps some facts will shed a different light on the subject.

First, there are 29.2 million acres of land in the Tanana Valley. Of this, 22.7 million acres, or 77%, are closed to forest industry development because they are in parks, preserves, refuges, wilderness, recreation, special use or military withdrawal categories (both State and Federal). What is left is private, State and Borough land, 1.4 million acres (State owned) of which is classified by the State Division of Forestry as suitable for sustained yield forest harvest.

Of this total, the current estimate of the maximum amount which could be harvested each year on a sustained yield basis is 16,000 acres. Over a 20 year time frame, this represents only 1.1% of the total land in the valley.

As a practical matter, the actual harvest is likely to be much less than the maximum. A good example is found in the operations of the Slave Lake Pulp Corporation, a company operating under a 20 year forest management agreement (FMA) in northern Alberta. The company produces about 110,000 metric tons per year of bleached chemi-thermo-mechanical pulp, logging only about 4,000 acres per year to meet this output. The mill cost \$182 million (C) to build and employs 78 people, with another 55 working in the woods. Couple this operation with companies like Bob Zachel's Alaska Birch Works, (*News-Miner*, March 28, 1994), and we would have excellent utilization of the resource, while creating even more jobs.

Representative Bill Williams, Chair

Page 2

Some people have suggested that most of the jobs would be taken by unemployed woods and millworkers from the Pacific Northwest. I think not. UAF's Tanana Valley Campus, Hutchinson Career Center and the Fairbanks Private Industry Council each fulfill a training role in supporting our local workforce. Vocational/technical courses and on-the-job training would be provided and most of the jobs would go to Fairbanksans.

Incidentally, the Slave Lake Pulp FMA has been in effect since 1990, with clear benefits to both the Province of Alberta and the company.

On other issue, opponents of SB 310 have been particularly vocal, suggesting in print and at hearings on the bill that they represent the majority view on the subject. I wonder. A State-wide poll, conducted last year by the Alaska Forest Association indicates that:

- More than half of Alaskans (55%) assign high importance to producing wood and paper products from Alaska's forests.
- Nearly three fourths (71%) assign high importance to job creation from Alaska's forests.
- When given a choice for forest management emphasis in the future, Alaskans prefer economic development (44%), over preservation (25%) and status quo (27%).

The poll has a statistical accuracy of plus or minus 5%.

As I have suggested on a number of occasions, we need the investment which new industry will bring, along with new, full-time, year-around jobs, so that we can build our local tax base -- thereby providing the essential funds to pay for the services we expect from local government. We must recognize that the State can no longer be relied upon to contribute toward paying these expenses. Vote in favor of SB 310.

Respectfully submitted,



Ronald L. Ricketts
Executive Director

RLR/lpm

SB

374

(9)

Date Referred: April 18, 1994

HOUSE COMMITTEE REPORT
FURTHER REFERRALS:

Date of Committee Action: 4/25/94

The RESOURCES Committee considered:

SB 374

SENATE BILL NO. 374

MATERIAL SITES FOR TIMBER OPERATIONS

"An Act extending the period of regulation of material sites used for timber operations under the Forest Practices Act and extending a corresponding exemption from provisions regulating mining reclamation; and providing for an effective date."

- RECOMMENDATIONS: the same title
 be replaced with _____ a new title
- have attached amendments(s)
- do pass
- do not pass
- no recommendations
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) DNR / 4-14-94

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Bill Hudson	✓	Jan 1994			✓
John G. ...	✓				
John B. ...	✓				
Ed ...	✓				
Dr. Dan ...	✓				
W.K. Williams	✓				
Janette James	✓				

W.K. Williams
CHAIRMAN'S SIGNATURE

FISCAL NOTE

No. 1

Bill Version: SB 374

(S) Publish Date: 4-14-94

STATE OF ALASKA

B

1994 LEGISLATIVE SESSION

Revision Date: Original Dept. Affected: Natural Resources
 Title: "An Act extending the period of regulation of BRU: Resource Development
material sites used for timber operations under the Forest Practices..." Component: Mining Development
 Sponsor: Senate Resources Committee
 Requestor: Senate Resources Committee Component Serial No. 442

Expenditures/Revenues (Thousands of Dollars)

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

FUND SOURCE (Thousands of Dollars)

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

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

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

There is no anticipated fiscal impact to the Department of Natural Resources associated with this bill.

Prepared by: Jerry Gallagher, Director Phone: 465-2400
 Division: Mining Date: 12-Apr-94
 Approved by Commissioner: Harry A. Noah Date: 12-Apr-94
 Agency: Natural Resources

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



One Sealaska Plaza
Suite 400
Juneau, Alaska 99801-1276
(907) 586 - 1512
FAX (907) 586 - 9214

March 29, 1994

Senator Mike Miller
Chair, Senate Resources Committee
Alaska State Legislature
Capitol Building, Rm. 423
Juneau, Alaska 99811

Re: Enclosed Draft Legislation Concerning Forest Material Sites

Dear Senator Miller:

Enclosed is draft legislation, endorsed by Sealaska Corporation and the Alaska Department of Natural Resources ("DNR"), that would temporarily extend an about-to-expire statute that requires forest material sites (rock pits) to be regulated under the Forest Practices Act ("FPA"; AS 41.17) rather than the Mining Reclamation Act ("MRA"; AS 27.19). The legislation is necessary this session because:

(1) the existing statute, under which forest landowners have operated for the past two years, sunsets on July 1, 1994; and

(2) regulations assuring that forest material sites will be regulated under the FPA, rather than the MRA, will be published for public review shortly, but will not be adopted by the July 1, 1994 deadline. A copy of those regulations is enclosed.

Let me explain the background of this legislation. The legislature enacted comprehensive revisions to the FPA in 1990, providing for

stringent new controls on virtually all aspects of public and private forestry in the state--including the operation and reclamation of forest material sites. AS 41.17.080(a)(1)(D). One principal goal of the new FPA was to centralize control of all forestry activities in one agency--the Division of Forestry.

In the same year, however, the legislature enacted the MRA, which required the submission of bonds and reclamation statements, and imposed reclamation requirements, on all private mines--including material sites that supply rock to construct forest roads, landings, log transfer facilities and other logging-related infrastructure.

DNR was quick to recognize the unnecessary regulatory duplication created by the uncoordinated enactment of these two statutes. DNR also recognized that the FPA, rather than the MRA, was the preferable vehicle for regulating forest material sites, for two reasons:

(1) forest operations, including forest material sites, would be subject to an aggressive field inspection program involving not only DNR, but inspectors from the departments of Fish and Game and Environmental Conservation as well. Sites regulated under the MRA would not be subject to anything approaching this intense on-the-ground scrutiny; and

(2) DNR envisioned that both operational and reclamation standards for material sites would be considerably stricter, and more protective of the environment, under the FPA. And this, in fact, has turned out to be true. The forest material sites standard of 11 AAC 95.325 is considerably stricter than the corresponding MRA standards, especially with respect to reclamation.

Accordingly, in August, 1991, DNR proposed MRA regulations--ones virtually identical to those enclosed--that would defer to the FPA in the regulation of forest material sites. Unfortunately, unanticipated delays in the completion of the FPA regulations left the MRA proposal referring to a forestry regulation that did not, as yet, exist. Therefore, in April, 1992, DNR decided to remove the forest material site proposal from its MRA regulations' package--promising, however, to adopt that forestry provision once the FPA regulations were adopted.

This, of course, left forest operations subject to both the FPA and the MRA--a situation which the legislature, as well as DNR, found intolerable. Accordingly, the legislature enacted Section 34, Ch. 2, SLA 1992, which provided that forest material sites would be regulated solely

under the FPA. Section 35 of that law, however, provided that Section 34 would be repealed on July 1, 1994. This was because the legislature believed that, by that date, DNR would finalize its FPA regulations, and its Division of Mining would have then reinserted the special forest material site provision. ^{1/}

Unfortunately, the FPA regulations were not adopted until June, 1993. As a result, DNR has not yet had the time to republish, and adopt, the forest site provision of the MRA regulations. It is now diligently trying to do so, as the enclosure indicates. However, it simply isn't possible for DNR to complete all the steps necessary to adopt that regulation before the existing MRA exclusion expires on July 1, 1994.

As a result, the enclosed legislation is necessary to give DNR a little more time. The bill would grant DNR only until January 1, 1995 to adopt the forest site provision, and we believe that extra window is adequate.

Without the legislation, a cloud of legal uncertainty will descend on private forestry activities this season, as a new, duplicative regulatory program would overlie the FPA. And as earlier indicated, that regulatory overlap would be as unnecessary as it would be burdensome, since forest material sites are already subject to the stricter of the two laws.

^{1/} The legislature did not want to permanently exclude forest material sites from the coverage of the MRA. AS 27.19.040 requires large mines to post a reclamation bond, which may be done through contributing to a bond pool. The FPA has no corresponding bonding provision. Although there will be very few forest material sites large enough to require a bond, the legislature wanted to ensure that, should such a site exist, the mine would be required to post a bond (and hopefully thus participate in the bond pool). DNR's originally-proposed forest material site provision, as well as the draft regulation enclosed, would defer to the FPA in every respect *other than* the MRA's bond requirement. As a result, the legislature preferred the regulatory approach (rather than a statutory exclusion from the MRA), since it at once: (1) avoided regulatory duplication: while (2) at the same time kept the MRA's bonding requirements intact.

Senator Mike Miller


March 29, 1994

Page 4

Alaska's forest industry therefore respectfully but urgently requests your assistance in this brief extension of DNR's statutory deadline. If you have any questions, or need our assistance, please don't hesitate to call.

Sincerely,

SEALASKA CORPORATION



Robert W. Loescher
Executive Vice President
Natural Resources

cc: Representative Bill Williams
Mr. Sam Kito
Mr. Richard Harris
Mr. Jon K. Tillinghast, Esq.

Proposed Mining Reclamation Regulations Amendment

11 AAC 97.250 is amended to by adding a new subsection to read:

(g) *Material used in forestry operations.* This subsection applies to material sites regulated under AS 41.17 (Forest Resources and Practices Act) and that chapter's implementing regulations (11 AAC 95).

(1) If an individual material site will be within the limits set by AS 27.19.050(a)(2), then, for that material site:

(A) submission of a plan of operations in compliance with AS 41.17.090, or compliance with an adopted site-specific forest land use plan for an operation on state land, satisfies the requirement of AS 27.19.050(b) of a letter of intent;

(B) inspection under 11 AAC 95.245 satisfies the requirement of AS 27.19.050(c) of an annual reclamation statement; and

(C) compliance with 11 AAC 95.325 satisfies all other requirements of AS 27.19 and this chapter.

(2) If an individual material site will exceed the limits of AS 27.19.050(a)(2), the miner must comply with the bonding requirement of AS 27.19.040 in one of the ways set out in 11 AAC 97.400--11 AAC 97.450. However:

(A) submission of a plan of operations in compliance with AS 41.17.090, or compliance with an adopted site-specific forest land use plan for an operation on state land, satisfies the requirement of AS 27.19.030 of a reclamation plan;

(B) this subparagraph constitutes approval of the reclamation plan under AS 27.19.030(a), but only if:

(i) the submitted plan of operations complies with the requirements of AS 41.17.090, or, as the case may be, an operation on state land complies with the terms of an adopted site-specific forest land use plan; and

(ii) the material site is not in noncompliance with a directive or stop work order issued by the division of forestry based on the material site's noncompliance with 11 AAC 95.325; and

(C) compliance with 11 AAC 95.325 satisfies all other requirements of AS 27.19 and this chapter.

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING

P.O. BOX 10701A
ANCHORAGE, ALASKA 98510-701A
PHONE: (807) 782-2170

3700 AIRPORT WAY
FAIRBANKS, ALASKA 99708
PHONE: (807) 451-2700

April 13, 1994

RE: Proposed Changes in Mining Reclamation Regulations

Dear Alaskan:

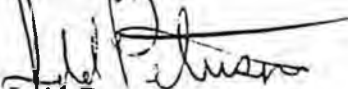
This letter is to provide notice that the Department of Natural Resources, Division of Mining proposes to amend 11 AAC 97 (Mining Reclamation Regulations) concerning management of material sites on forest lands and, in addition, specify a date as to when reclamation bond payments are due.

In 1992, the legislature passed a special exemption for material sites used for timber operations from being subject to the reclamation act. This exemption expires July 1, 1994. In the proposed changes to the regulations, 11 AAC 97.250 is amended by adding a new section which specifies that the reclamation of material sites managed under AS 41.17 (Forest Resources and Practices Act) satisfies the requirements of AS 27.19 (Reclamation Act). Reclamation bonding is still required if the yardage mined is greater than 50,000 cubic yards or the mined area is five acres or greater in size.

In addition, 11 AAC 97.425 is amended to specify that the annual nonrefundable bond fee for bonded operations participating in the state wide bond pool is due by April 1st of each year. As presently written, the regulation states that the annual fee is due before mining begins. This has been interpreted by some miners to mean that if no mining is to be conducted, the fee is not due. The reclamation act, AS 27.19.040 specifies, that the fee is an annual fee. This fee is due each year until the mined area is reclaimed.

A copy of the public notice, additional regulations notice information, and proposed changes are enclosed. Comments, objections, or expressions of interest pertaining to the proposed changes must be received in writing by 5:00 PM, May 25, 1994.

Sincerely,



Judd Peterson

Chief, Permitting/Field Operations

Enclosures

1. Public Notice
2. Additional Regulations Notice Information
3. Proposed Changes

NOTICE OF PROPOSED CHANGES IN THE
REGULATIONS OF THE DEPARTMENT OF NATURAL RESOURCES

Notice is hereby given that the Department of Natural Resources, under the authority of Sec. 2, ch. 92, SLA 1990 proposes to amend certain regulations in Title 11 of the Alaska Administrative Code, dealing with mining reclamation of material sites to implement AS 27.19.010, 27.19.030, and 27.19.050 and dealing with the annual nonrefundable fees due on mining reclamation bonds to make specific AS 27.19.040. The proposed changes are as follows:

11 AAC 97.250 is proposed to be amended by adding a new subsection dealing with reclamation of material sites utilized for timber development. Such sites are regulated under AS 41.17 (Forest Resources and Practices Act). To avoid duplicative regulation, the proposed amendment provides that satisfying the Forest Practices Act requirements will also satisfy 11 AAC 97. However, if the yardage mined is greater than 50,000 cubic yards or the mined area is a cumulative five acres or greater in size, then the site must be bonded for reclamation in accordance with the requirements of the reclamation act.

11 AAC 97.425 is proposed to be amended to specify the date on which the annual nonrefundable bond fees are due. As presently written, the regulation states that the annual fee is due before mining begins each year. This has been misinterpreted by some miners to mean that if mining does not begin, then the non-refundable fee is never due. This proposed change in the regulations makes the fee due no later than April 1st each year that the mined area remains unreclaimed.

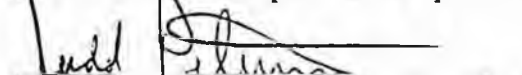
Notice is also given that any person interested may present written statements or arguments relevant to the proposed actions by writing to Alaska Division of Mining, P.O. Box 107016, Anchorage, Alaska 99510-7016. Comments must be received no later than 5:00 P.M., May 25, 1994.

Copies of the proposed revisions may be obtained by calling or writing the Division of Mining at the above address, or may be picked up at 3601 C Street, Suite 880 in Anchorage, or 3700 Airport Way in Fairbanks, Alaska. The phone number in Anchorage is (907) 762-2163 and in Fairbanks is (907) 451-2790.

If you are a person with a disability who may need a special modification in order to comment on the proposed regulations, please contact Judd Peterson at 762-2163 no later than 5:00 P.M., May 20, 1994 to make any necessary arrangements.

The Department of Natural Resources, after the deadline stated above, will either adopt these or other proposals dealing with the same subject, without further notice, or decide to take no action on them.

This action is not expected to require an increased appropriation.



Judd Peterson
Chief, Permitting/Field Operations

Publish Date: April 24, 1994

ADDITIONAL REGULATIONS NOTICE INFORMATION
(AS 44.62.190 (d))

1. Adopting Agency: Department of Natural Resources
2. General subject of regulation: Mining Reclamation
3. Citation of regulation (may be grouped): 11 AAC 97
4. Reason for the proposed action:
 - () compliance with federal law
 - () compliance with new, or changed, state statute
 - () compliance with court order
 - () development of program standards
 - (x) other: (please list)Clarification of management of material sites on forest lands and the due date of non-refundable bond pool fees.
5. Program category and BRU affected:
Mining Industry Development & Technical Support -
Resource Development
6. Cost of implementation to the state agency and available funding (in thousands of dollars)

	Initial Year FY 94	Subsequent Years
Cost	\$ <u>-0-</u>	\$ <u>-0-</u>
General funds	\$ <u>-0-</u>	\$ <u>-0-</u>
Federal funds	\$ <u>-0-</u>	\$ <u>-0-</u>
Other funds (specify)	\$ <u>-0-</u>	\$ <u>-0-</u>

7. The name of the contact person for the regulations:
Judd Peterson, Chief, Permitting/Field Operations
Phone: 907-762-2160
8. The origin of the proposed action:

<u> </u>	public private working group
<u> X </u>	staff of state agency
<u> </u>	federal government
<u> </u>	general public
<u> </u>	petition for regulation change
<u> X </u>	other (please list)

Legislature excluded forest practice material sites from act until regulations could be amended.

Date: April 13, 1994

Prepared by:

Judd Peterson
Judd Peterson
Chief, Permitting/Field
Operations

11 AAC 97.250 is amended to by adding a new subsection to read:

(g) Material used in forestry operations. This subsection applies to material sites regulated under AS 41.17 (Forest Resources and Practices Act) and its implementing regulations, 11 AAC 95.

(1) If an individual material site will be within the limits set by AS 27.19.050(a)(2), then, for that material site:

(A) submission of a plan of operations in compliance with AS 41.17.090, or compliance with an adopted site-specific forest land use plan for an operation on state land, satisfies the requirement of AS 27.19.050(b) of a letter of intent;

(B) inspection under 11 AAC 95.245 satisfies the requirement of AS 27.19.050(c) of an annual reclamation statement; and

(C) compliance with 11 AAC 95.325 satisfies all other requirements of AS 27.19 and this chapter.

(2) If an individual material site will exceed the limits of AS 27.19.050(a)(2), the miner must comply with the bonding requirement of AS 27.19.040 in one of the ways set out in 11 AAC 97.400-11 AAC 97.450. However:

(A) submission of a plan of operations in compliance with AS 41.17.090, or compliance with an adopted site-specific forest land use plan for an operation on state land, satisfies the requirement of AS 27.19.030 of a reclamation plan;

(B) this subparagraph constitutes approval of the reclamation plan under AS 27.19.030(a), but only if:

(i) the submitted plan of operations complies with the requirements of AS 41.17.090, or, as the case may be, an operation on state land complies with the terms of an adopted site-specific forest land use plan; and

(ii) the material site is not in noncompliance with a directive or stop work order issued by the division of forestry based on the material site's noncompliance with 11 AAC 95.325; and

(C) compliance with 11 AAC 95.325 satisfies all other requirements of AS 27.19 and this chapter. (Eff. 7/30/92, Register 123 ; am / / , Register)

Authority: Sec. 2, ch. 92, SLA 1990

AS 27.19.020
AS 27.19.030
AS 27.19.040
AS 27.19.050
AS 27.19.100
AS 41.17.090

11 AAC 97.425 (d) is amended to read:

(d) No reclamation plan approval goes into effect until the bonding pool deposit and annual nonrefundable fee are paid. The annual nonrefundable fee for the first year of a reclamation plan may not be prorated or reduced. Subsequent annual nonrefundable fees for unreclaimed ground [A MULTI-YEAR PLAN] are due by April 1 of each year that the reclamation is not completed or before the mining operation begins in each calendar year, whichever is earlier. If the amount of acreage requiring reclamation varies from year to year under the plan, the miner is responsible for making the appropriate payment, including an increased deposit when required, each year. If the acreage decreases, the mine may apply, under 11 AAC 97.435, for a refund of the excess deposit. The miner must pay the annual nonrefundable fee, and the increased deposit when required by the reclamation plan, without billing from the department. A late payment automatically suspends approval of the reclamation plan until full payment, including the late payment fee set out in 11 AAC 05.010, is received, at which time the reclamation plan is automatically reinstated. During such a suspension, the miner may not engage in a mining operation. (Eff. 7/30/92, Register 123 ; am / / , Register)

Authority: Sec. 2, ch. 92, SLA 1990
AS 27.19.030
AS 27.19.040

Note: In the above section, the underlining shows words being added. Words typed in [CAPITAL LETTERS AND ENCLOSED IN BRACKETS] are being deleted from the current regulation

SCR

13

HOUSE COMMITTEE REP

(9)

Date Referred: March 11, 1994

FURTHER REFERRALS:

Date of Committee Action: 4/8/95

SCR 13

The RESOURCES Committee considered:

SENATE CONCURRENT RESOLUTION NO. 13

GOLD RUSH CENTENNIAL DECADE

Relating to the Gold Rush Centennial Decade.

RECOMMENDATIONS:

be replaced with _____ the same title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) Senate Resources Comm/2-9

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Bill Hudson</i>	<input checked="" type="checkbox"/>	<i>Joseph D. ...</i>			
<i>John ...</i>	<input checked="" type="checkbox"/>				
<i>Janette Jones</i>	<input checked="" type="checkbox"/>				
<i>David ...</i>	<input checked="" type="checkbox"/>				
<i>W.R. Williams</i>	<input checked="" type="checkbox"/>				
<i>Ed ...</i>	<input checked="" type="checkbox"/>				

W.R. Williams
CHAIRMAN'S SIGNATURE

Alaska State Legislature

SENATOR
BERT SHARP

DISTRICT P

CHAIRMAN
TRANSPORTATION COMMITTEE

MEMBER
FINANCE COMMITTEE
LEGISLATIVE BUDGET & AUDIT COMMITTEE
HEALTH & SOCIAL SERVICES



Senate

FAIRBANKS


DENALI BANK BUILDING
119 N. CUSHMAN, SUITE 201
FAIRBANKS, ALASKA 99701
(907) 452-7885/7886

SESSION ADDRESS

STATE CAPITOL, ROOM 514
JUNEAU, ALASKA 99801-1182
(907) 465 3001/4921

MEMORANDUM

TO: Representative Bill Williams, Chairperson
House Resources Committee

FROM: Senate Bert Sharp 

RE: Request for Hearing - SCR 13

DATE: March 15, 1994

I am requesting Senate Concurrent Resolution 13, relating to the Gold Rush Centennial Decade, be heard before the House Resources Committee as soon as possible.

The intent of this resolution is to educate Alaskans and visitors to Alaska as to the importance of gold mining to our state's establishment, development and future. The resolution recognizes the years 1994-2004 as the Gold Rush Centennial Decade and urges schools, public and private organizations, and the people of the state to coordinate statewide celebrations of the 100th anniversary. This will serve to promote an understanding of the importance of the Gold Rush Era in Alaska's history and enhance tourism opportunities.

SCR 13 also recognizes the Alaska Gold Rush Centennial Task Force as coordinator and promoter of statewide centennial activities. For your information, on February 16, 1994 the Gold Rush Task Force Executive Committee and Annual Task Force meeting will be held in Juneau.

Thank you for your consideration.



REPRESENTING
GOLDEN HEART
OF ALASKA

ALASKA GOLD RUSH CENTENNIAL TASK FORCE

1993 Annual Report

Introduction Alaskans, realizing the potential of tourism, education, and preservation opportunities provided by the gold rush centennials, called for the creation of a statewide task force. In October 1992, at the direction of the Governor and Lt. Governor, the Department of Commerce and Economic Development and the Department of Natural Resources formed the Alaska Gold Rush Centennial Task Force.

Mission The Alaska Gold Rush Centennial Task Force's mission is to coordinate statewide celebrations of the 100th anniversaries in order to promote the understanding of the importance of the gold rush era in Alaska's history and to enhance tourism opportunities.

Recommendations for Legislative Action

- Officially recognize 1994-2004 as the gold rush centennial decade, make the gold rush centennials a high priority state project, and officially recognize the Alaska Gold Rush Centennial Task Force.
- Fund the Division of Tourism's FY95 capital request for \$100,000 for gold rush centennial projects.
- Fund a coordinator for \$60,000 to assist in implementing the recommendations in this study, to coordinate events and programs, to raise money for Task Force projects, and to organize Task Force members and projects.
- Fund tourism marketing programs of the Division of Tourism, Alaska Tourism Marketing Council, Alaska Marine Highway System, and other agencies as the Task Force has no tourism funding and must rely on existing programs.

Background

The discoveries of gold in Alaska and the Yukon in the late 1890s set off the last great American gold rush. Thousands of men and women headed north, some to escape economic depression, others to seek adventure. Most crossed the Chilkoot or White Pass trails or traveled by boat to the gold fields. Prospectors searched all Alaska, from Southeast Alaska and the Kenai Peninsula to the Seward Peninsula and through the Interior. They discovered gold and other precious metals and founded new towns, among them Circle, Nome, Skagway, Fairbanks, Hope, Iditarod, and Valdez. Along with the prospectors came people to provide services to the miners, both honest and corrupt. It was an exciting time, and it changed Alaska forever.

The gold discoveries stimulated the development of transportation routes, civil government, and communications in Alaska. While the participants were predominantly white males, women, Alaska Natives, Asians, and African-Americans were also part of the story. The Native way-of-life changed dramatically. Land rights, hunting grounds, and trade and travel routes were impacted.

Task Force Objectives

To accomplish its mission, the Task Force has established the following objectives:

- Coordinate and promote statewide commemorative activities;
- Ensure state programs and activities are integrated and coordinated;
- Support education, research, documentation, and preservation of historical significance from the gold rush era;
- Develop funding proposals;
- Provide Task Force recommendations to appropriate agencies;
- Serve as a network for information exchange and technical assistance;
- Serve as liaison with international agencies and organizations; and
- Recommend improvement of infrastructures to accommodate visitors.

Committees

To carry out the objectives of the Task Force, seven committees have been formed:

- Executive
- Marketing and Promotion
- Historic Resources
- Events and Activities
- Interpretation and Markers
- Infrastructure and Facilities
- Education

Membership The Task Force has 124 members from 25 Alaska communities, Washington, and the Yukon Territory Canada. The newsletter is sent to an additional 369 people. Members represent federal, state, and municipal governments, tourism organizations, historical groups, museums, libraries, the news media, private businesses, educational institutions, and Native organizations.

Cooperative Efforts The Task Force is implementing its programs by encouraging cooperative efforts by state, federal, and local governments, non-profit organizations, and private businesses. Each of these groups is expected to contribute to the success of the Task Force. To promote this cooperative effort, the Task Force encourages special federal appropriations as needed to support gold rush projects by federal agencies.

Gold Rush Grant Program The Division of Tourism received \$50,000 in FY94 capital funds for gold rush centennial projects. This money is available for tourism attraction development, visitor information services, historic resources, and historic restoration projects. Individuals and groups in 30 communities submitted 151 letters of intent. The requests totalled \$657,100. Proposed projects included visitor brochures, interpretation projects, documentation of historic buildings and sites, restoration of gold rush era properties, publication of histories and photo collections, planning for museum displays, and preparation of educational materials. The Executive Committee will review the applications and make awards in February 1994.

Co-Chairs Judy Bittner, Chief, Office of History and Archaeology
Division of Parks and Outdoor Recreation
Department of Natural Resources
P.O. Box 107001
Anchorage, AK 99510-7001
Telephone: 762-2622, Fax: 762-2628

Wendy Wolf, Manager, Tourism Programs
Division of Tourism
Department of Commerce and Economic Development
P.O. Box 110801
Juneau, AK 99811-0801
Telephone: 465-5471, Fax: 465-2287

Accomplishments

- Expanded membership to 124 members from 25 Alaskan communities, Washington, and the Yukon Territory, Canada.
- Created the Alaska Gold Rush Centennial Task Force newsletter.
- Established six committees that hold monthly, statewide teleconferences.
- Received an Alaska Humanities Forum grant to design a gold rush participant database.
- Developed a grant program to award \$50,000 for tourism attraction development, visitor information services, historic resources, and historic restoration projects.
- Represented on the Yukon Anniversaries Commission to ensure collaboration with Canada on gold rush tourism.
- Designated community representatives in Skagway, Nome, Fairbanks, Juneau, Anchorage, and Eagle.
- Requested Department of Public Safety to redesign the Alaska license plate with a gold rush theme.
- Submitted to Department of Transportation and Public Facilities recommendations for transportation enhancements for gold rush interpretive signage along Klondike Highway, Dyea Road, and Haines Highway, and plans to construct interpretation viewpoints along the Haines Highway and the Chilkat/Klehini River.
- Gave presentations at the annual meetings of the Alaska Historical Society, Museums Alaska, the Alaska Visitors Association, and the Alaska Miners Association.
- Briefed the Governor's Office prior to meeting with Yukon government leaders on gold rush commemorations.
- Communicated with California, Washington, Yukon Territory and British Columbia regarding cooperation on gold rush centennial tourism.
- Worked with National Trust for Historic Preservation representatives on gold rush heritage tourism.

SCR

16

HOUSE COMMITTEE REPORT

(9)

Date Referred: March 21, 1994

FURTHER REFERRALS:

Date of Committee Action: 4/8/94

The RESOURCES Committee considered:

SCR 16

SENATE CONCURRENT RESOLUTION NO. 16

USE OF STATE GEOGRAPHIC INFORMATION

Relating to release of nonproprietary geographic information system files in possession of the state.

- RECOMMENDATIONS: the same title
 be replaced with _____ a new title
 have attached amendments(s)
 do pass
 do not pass
 no recommendations
 individual recommendations
 additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) DNR / 3-11-94

SIGNING <u>DO PASS</u>	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Bill Hudson</i>	✓				
<i>John King</i>	✓				
<i>Joseph P. ...</i>	✓				
<i>Annelle James</i>	✓				
<i>William ...</i>	✓				
<i>Ed ...</i>	✓				
<i>Van ...</i>	✓				
<i>Pat ...</i>	✓				

W. J. ...
 CHAIRMAN'S SIGNATURE



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

Sponsor Statement **Senate Concurrent Resolution 16** **By Senator Drue Pearce**

In 1972 the Alaska legislature designated the Arctic Environmental Information and Data Center (AEIDC), a program of the University of Alaska Anchorage's Environment and Natural Resources Institute, as the principal environmental information and data archival and dissemination node for Alaska. As such, AEIDC maintains a unique and diverse archive information base, and is, therefore, the logical entity to handle dissemination of this Alaska-related information and data.

The technology of Geographic Information Systems (GIS) is becoming the preeminent tool in land, environmental, and natural resource decision making agencies. The agencies of the State of Alaska have spent many years and millions our state's dollars gathering this GIS data, and I believe that all non-proprietary GIS files should be made available for public dissemination and use.

DP:jf

SFC 4/6/94

FISCAL NOTE

No. 1

Bill Version: SCR 16

(S) Publish Date: 3-14-94

STATE OF ALASKA
1994 LEGISLATIVE SESSION

I

Revision Date: Original Dept Affected: Natural Resources
 Title: "Relating to release of nonproprietary geographic information system files in possession of the state." BRU: Management and Administration
 Sponsor: Finance Component: Information Resources Management
 Requestor: Finance Component Serial No. 427

Expenditures/Revenues (Thousands of Dollars)

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

FUND SOURCE (Thousands of Dollars)

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

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

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact to DNR from the resolution, although full implementation may require funding.

Prepared by: Rich McMahon, Chief Phone: 762-2377
 Division: Information Resource Management Date: 11-Mar-94
 Approved by Commissioner: Harry A. Noah Date: 11-Mar-94
 Agency: Natural Resources

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



* PLEASE PRINT + INCLUDE
COMPLETE MAILING ADDRESS *

HOUSE RESOURCES COMMITTEE

DATE: 4-8-94

PLACE: Capitol, Room 124

SUBJECT OF MEETING:
SCR 13 - GOLD RUSH CENTENNIAL DECADE
SCR 16 - USE OF STATE GEOGRAPHIC
INFORMATION

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
DOUG SEGAR	WAA/ENRI	707 A St, Anchorage AK	99501		279-4523	(Y) N	SCR 16
	Executive Director Un. of AK Arch. Education + Natural Resources Inst.					Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	

SJR

13

(9)

Date Referred: February 9, 1994

FURTHER REFERRALS:

Date of Committee Action: 2/18/94

The RESOURCES Committee considered:

CS SJR 13(RLS)

CS FOR SENATE JOINT RESOLUTION NO. 13(RLS)

EXPORT OF ALASKA OIL

Opposing the ban on the export of Alaska North Slope crude oil; endorsing HR 543, legislation removing restraints on the export of Alaska North Slope oil; requesting the Congress of the United States to pass legislation to permit the export of Alaska North Slope crude oil; and requesting the President of the United States to present to the United States Congress a recommendation to lift the ban on the export of Alaska North Slope crude oil.

RECOMMENDATIONS:

be replaced with _____ the same title a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) Revenue / 1-26-94

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Pat Carney</i> Carney	✓				
<i>Green</i> Green	✓				
<i>James</i> James	✓				
<i>Finkelstein</i> Finkelstein	✓				
<i>Bill Hudson</i> Hudson	✓				

Bill Hudson - For
CHAIRMAN'S SIGNATURE

HASTINGS, MN

JOHNNY ELLIS
SENATOR



DURING SESSION: STATE CAPITOL
JUNEAU, AK 99801-1182
(907) 465-3704
FAX: (907) 465-2529

AFTER SESSION: 716 W. 4TH AVE. #440
ANCHORAGE, ALASKA 99501
(907) 256-8182

ALASKA STATE LEGISLATURE
SENATE

**Sponsor Statement for
CSSJR 13 (RLS)
Requesting Congress to Lift the Ban on the Export of
Alaska Crude Oil**

CSSJR 13 (RES) endorses HR 543, federal legislation removing restraints on the exportation of Alaska North Slope crude oil, and requests that the President of the United States present a recommendation to lift the oil export ban.

Lifting the export ban will enhance the economic vitality and security of Alaska. Exporting Alaska North Slope crude oil will encourage and facilitate further oil exploration in Alaska and other states, creating a greater degree of national energy self-sufficiency.

Due to the high transportation costs associated with shipping Alaska North Slope crude oil to Gulf Coast states through the Panama Canal, the wellhead price of oil is reduced. Since Alaska oil cannot be exported, it is sold at a discount price on the West Coast to be price competitive with California crude. This surplus of oil depresses the value of Alaska and California oil, and subsequently has a negative impact on the economies in both states. Lifting the ban would alleviate this surplus, raise the barrel prices of all oil, and increase State revenues.

At a conservative estimate, Alaska would gain from billions of dollars in added revenue and economic benefits. Exporting oil would foster more oil exploration and development by making ventures deemed economically risky under current production values more lucrative. Oil export would also help to offset the United States' trade deficit.

The potential vulnerability of the United States to embargoes - which led to the imposition of the ban - has been greatly mitigated. President Bush partially lifted the ban on California oil exporting, proving that national security and scarcity of domestic oil no longer outweigh potential economic gains. The North American Free Trade Agreement has further eclipsed the need for the Alaska oil export ban.

I urge you to support CSSJR 13 and HR 543. Lifting the ban on exporting oil is critical to the future economic security of our state.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CS SJR 13(JUD)

Revision Date: _____ Dept. Affected: Revenue
 Title: Resolution Supporting the Lifting the ANS Export Ban BRU: Revenue Operations
 Component: Oil and Gas Audit
 Sponsor: Sen. Ellis
 Requestor: Senate Judiciary COMPONENT SERIAL NO. 115

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE FUND SOURCE:						
-----------------------------	--	--	--	--	--	--

FUNDING:

(Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: 0.0

ANALYSIS: (Attach a separate page if necessary.)

* The resolution carries no operating budget fiscal impact. Should the export ban on ANS crude be lifted, revenues to the State will increase by an estimated \$430,000,000 per year given the current depressed oil prices on the U.S. West Coast.

Lifting the ANS export ban would enhance the value of ANS production thereby increasing State revenues and making petroleum exploration and development on Alaska's north slope economically more attractive.

See attached for further explanation.

Prepared by: Charles Logsdon
 Division: Oil and Gas Audit Division
 Approved by Commissioner: Darrel J. Rexwinkel
 Agency: Revenue

Phone: 277-5627
 Date: January 24, 1994
 Date: January 24, 1994

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The increase in ANS production value would result from two sources:

1. Reduced transportation costs (transportation costs are a deduction against value in determining Alaska severance tax and royalties) since Alaska is closer to Asia than to the U.S. Gulf Coast where roughly 15% of ANS production is sold.
2. Sales to the Asian market would increase the West Coast price of ANS to world levels as foreign refiners would bid against West Coast refiners to acquire ANS.

The Alaska Department of Revenue has estimated that lifting the export ban on ANS would increase state revenues by roughly \$430 million per year based on current relevant oil prices. It is further estimated that lifting the export ban would increase ANS production by roughly 110 million barrels between 1994 and 2000.

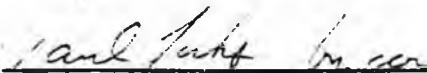
D/R

CSSJR 13: Endorsing HR 543, legislation removing restraints on the export of Alaska North Slope oil, and requesting the Congress of the United States to pass legislation to permit the export of Alaska crude oil.

The Department of Commerce and Economic Development fully supports CSSJR 13 and endorses HR 543 removing restraints on the export of North Slope oil. Charges for the shipping of Alaska crude oil to Gulf Coast destinations negatively impact the long-term stability on the industry in the state. These shipping charges have direct negative effects on the production royalties paid to the government of Alaska.

Finally, since the price of the delivered product to the producer ultimately controls the fate of the industry, higher shipping charges do have long-term negative effects on the Alaska oil industry. The ability to export Alaska crude oil, specifically North Slope crude, would lengthen the producing field lives and facilitate smaller more dispersed fields into production.

CSSJR 13 accurately reports these conditions and situations.



Paul Fuhs, Commissioner

Date

103D CONGRESS
1ST SESSION

H. R. 543

To remove the restrictions on the export of Alaskan North Slope oil.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 21, 1993

Mr. THOMAS of California (for himself, Mr. DOOLITTLE, Mr. DOOLEY, Mr. ARCHER, Mr. GALLEGLY, and Mr. ZIMMER) introduced the following bill: which was referred jointly to the Committees on Foreign Affairs, Energy and Commerce, and Interior and Insular Affairs

A BILL

To remove the restrictions on the export of Alaskan North Slope oil.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. EXPORT ADMINISTRATION ACT AMENDMENT.**

4 Section 7(d) of the Export Administration Act of
5 1979 (50 U.S.C. 2406(d)) is hereby repealed.

6 **SEC. 2. OTHER PROVISIONS OF LAW.**

7 The export of domestically produced crude oil trans-
8 ported by pipeline over right-of-way granted pursuant to
9 section 203 of the Trans-Alaska Pipeline Authorization
10 Act (43 U.S.C. 1652) shall not be subject to the restric-

1 tions contained in section 28(u) of the Mineral Leasing
2 Act of 1920 (30 U.S.C. 185), section 103 of the Energy
3 Policy and Conservation Act (42 U.S.C. 6212), section 28
4 of the Outer Continental Shelf Lands Act (43 U.S.C.
5 1354), or section 7430(e) of title 10, United States Code,
6 or any regulations issued under any such provision of law.

O

Legislative Research Agency

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Alaska State Legislature



January 27, 1994

MEMORANDUM

TO: Senator Johnny Ellis

FROM: Gordon S. Harrison, Director 

RE: **Update of Developments Regarding the Ban on Export of Alaska North Slope Crude Oil**

You asked for a brief update of the federal ban on export of Alaska North Slope (ANS) crude oil. The following is summary of recent developments.

Congress must reauthorize by June of this year the federal Export Administration Act, which contains the ban on exporting ANS oil. There will be hearings this spring on the ANS oil ban, and Senators Stevens and Murkowski are pushing Congress to remove the ban from the reauthorization measure. According to Mark Dinneen of the governor's Washington D.C. office, there is little hope that the Clinton administration will take executive action to lift the ban. However, the federal Office of Energy is currently engaged in a study of the effects of the ban, which should be finished in April.

In the meantime, Governor Hickel has sued the federal government alleging that the ban violates Article 10 (and the obscure "port preference" clause) of the U.S. Constitution and is unconstitutional. According to Joanne Grace, Alaska assistant attorney general (in the Anchorage office), who is handling the suit for the state, the case should be argued before the federal district court in March.

Please call if you would like additional information. Also, you could contact directly Mr. Dinneen at (202) 624 5858 or Ms. Grace at 269-5100.

THE ALASKA NORTH SLOPE CRUDE OIL EXPORT BAN REVISITED 1992

by

Charles L. Logsdon

Alaska Department of Revenue
550 W. Fifth Ave, Suite 560
Anchorage, Alaska 99501

THE ALASKA NORTH SLOPE CRUDE OIL EXPORT BAN REVISITED 1992

INTRODUCTION

Numerous articles and analyses have been prepared examining the Alaska North Slope (ANS) Crude Oil Export Ban (Higgins and Jenkins-Smith, Tussing et. al., and the U.S. Department of Energy). Policy analysis of the issue has attracted economists of many different stripes because the ban flies in the face of market efficiency and is a classic example of political rather than economic reasoning.

In this short paper it is not my intent to review in depth the reasons why lifting the export makes economic sense, rather I will attempt to illustrate by use of a simple global oil price equilibrium model, what I believe the impact of the ban has been on U.S. West Coast oil prices and consequently on oil production in both California and Alaska, and on public revenue.

THE ANS EXPORT BAN

The export of ANS was restricted as part of the legislation authorizing the construction of the Trans-Alaska Pipeline System (TAPS). The 900 mile long TAPS stretching from Arctic Alaska's North Slope to the ice free tidewater port of Valdez provided market access to the super giant Prudhoe Bay oil field. Over the years the restrictions have been extended or tightened nearly each time the Congress has passed trade legislation.

The national benefits to the United States of lifting the ban are well known and can be summarized as follows:

1. Higher wellhead values for crude oil production in Alaska and California create the incentive to increase U.S. oil production and energy security.
2. Public revenue will increase due to the higher wellhead value easing the Federal deficit.
3. U.S. balance trade with the Pacific Rim countries would be improved.

The reason why the ban continues even in the face of overwhelming economic logic is quite simply national politics.

The costs of lifting the ban would be absorbed by domestic shipping interests. The maritime interests are a powerful political force which includes:

1. ANS producers who built the required U.S. constructed and flagged tankers to comply with the Jones Act requirement that only such tankers can be used in US coastwise shipping implied by the export ban.
2. Individual Jones Act tanker owners.
3. The banks who finance tanker construction.
4. The maritime unions which crew the tankers.

Other groups favoring the ban include:

1. The U.S. Department of Defense since the ban provides an off budget means of securing a domestic tanker capability.
2. Environmental groups who oppose policies which increase domestic production of oil.
3. Representatives of states which rely on imported oil.
4. Those politicians who are antagonistic toward free trade with the Pacific Rim, particularly Japan.

CALIFORNIA CRUDE OIL PRICES

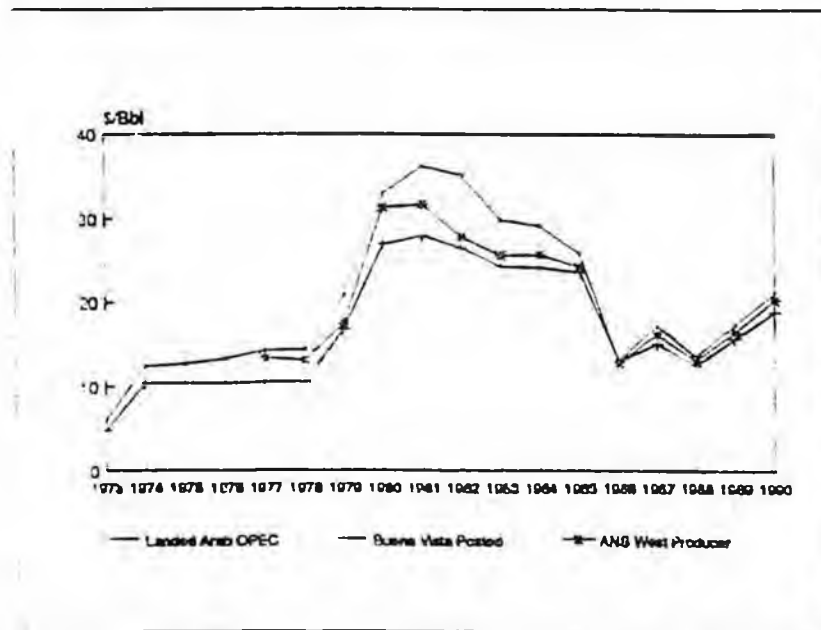
The California crude oil market has developed in isolation from the rest of the US. The development of significant reserves in the area and the natural barrier represented by the mountain ranges of the western U.S. limited the development of a West to East or vice versa crude oil transportation system. Further, most crude oil is moved to either the San Francisco Bay area or Los Angeles/Long Beach refineries by private pipeline rather than regulated common carriers.

California crude oil also tends to be very heavy and of low quality. The result of all of these factors has been a level of oil prices below world market levels. The result of the reliance on private pipelines for the marketing of regional production, has been a two-tiered price structure with imported crude at the high end and domestic postings at the low end. This occurs because of the leverage the producer/pipeline owners have over independents with only a trucking alternative. (Purvin & Gertz).

This institutional environment depressing California crude oil prices was further impacted by the opening of the TAPS. The West

Coast market was flooded by the surge in production from Alaska. As ANS began to back foreign sour crudes out of the West Coast, a West Coast ANS discount off of Gulf Coast ANS became evident. (Figure One).

Figure 1. U.S. West Coast Crude Oil Prices (1973-1990)



The size of the discount became a very major source of dispute for both the tax man (both the State of Alaska and the Internal Revenue Service) and also the California independent producers. Elementary economic theory suggested that since ANS could not be exported, the price of oil on the West coast should be the price at the most distant market the Gulf Coast less the incremental transportation cost.

This theory was pursued by ARCO in pricing crude oil booked into its own refineries. This reduced the company's tax liability and gave them a cost advantage over their competitors allowing an aggressive pursuit of market share on the West Coast.

The alternate price theory followed by BP was that of a price leading oligopolist. BP controlled the incremental barrels of oil which met West Coast oil demand. They used this market position to negotiate sale of ANS barrels on the West Coast in exchange for delivery of barrels to their Gulf Coast and mid Continent refineries. The resulting oil price was less than the monopoly price but greater than the perfectly competitive price. (Logsdon, 1985).