

104<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 3659

To amend the Tongass Timber Reform Act to ensure the proper stewardship of publicly owned assets in the Tongass National Forest in the State of Alaska, a fair return to the United States for public timber in the Tongass, and a proper balance among multiple use interests in the Tongass to enhance forest health, sustainable harvest, and the general economic health and growth in southeast Alaska and the United States.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 13, 1996

Mr. YOUNG of Alaska introduced the following bill; which was referred to the Committee on Agriculture, and in addition to the Committee on Resources, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Tongass Timber Reform Act to ensure the proper stewardship of publicly owned assets in the Tongass National Forest in the State of Alaska, a fair return to the United States for public timber in the Tongass, and a proper balance among multiple use interests in the Tongass to enhance forest health, sustainable harvest, and the general economic health and growth in southeast Alaska and the United States.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Environmental Im-  
3 provement Timber Contract Extension Act of 1996”.

4 **SEC. 2. MODIFICATION OF LONG-TERM CONTRACT RE-**  
5 **GARDING TONGASS NATIONAL FOREST.**

6 Title III of the Tongass Timber Reform Act (Public  
7 Law 101–626; 104 Stat. 4430) is amended by adding at  
8 the end the following new section:

9 **“SEC. 302. 1996 CONTRACT MODIFICATIONS.**

10 “(a) **DEFINITIONS.**—In this section:

11 “(1) The term ‘board feet’ means net scribner  
12 long-log scale for all sawlogs and all hemlock and  
13 spruce utility grade logs.

14 “(2) The term ‘contract’ means the timber sale  
15 contract numbered A10fs–1042 between the United  
16 States and the Ketchikan Pulp Company.

17 “(3) The term ‘contracting officer’ means the  
18 Regional Forester of Region 10 of the United States  
19 Forest Service.

20 “(4) The term ‘mid-market criteria’ means an  
21 appraisal that ensures an average timber operator  
22 will have a weighted average profit and risk margin  
23 of at least 60 percent of normal in a mid-market sit-  
24 uation, representative of the most recent 10 years of  
25 actual market data.

1           “(5) The term ‘proportionality’ means the pro-  
2           portion of high volume stands (stands of 30,000 or  
3           more board feet per acre) to low volume stands  
4           (stands of 8,000 to 30,000 board feet per acre).

5           “(6) The term ‘purchaser’ means the Ketchikan  
6           Pulp Company.

7           “(b) FINDINGS.—Congress finds the following:

8           “(1) On July 26, 1951, the Forest Service, on  
9           behalf of the United States, and the purchaser en-  
10          tered into a contract to harvest 8,250,000,000 board  
11          feet of timber from the Tongass National Forest in  
12          the State of Alaska. While the contract is scheduled  
13          to end June 30, 2004, it acknowledges an intention  
14          on the part of the Forest Service to supply adequate  
15          timber thereafter for permanent operation of the  
16          purchaser’s facilities on a commercially sound and  
17          permanently economical basis. This legislation is  
18          necessary to effectuate that intent.

19          “(2) A pulp mill or similar facility is necessary  
20          in southeast Alaska to optimize the level of year-  
21          round, high-paying jobs in the area, to provide high  
22          value added use of low-grade wood and by-product  
23          material from sawmilling operations, and to main-  
24          tain a stable regional economy.

1           “(3) The purchaser plans to make environ-  
2           mental and operational improvements to its pulp  
3           mill, including conversion to an elementally chlorine  
4           free bleaching process, expansion of wastewater  
5           treatment facilities, relocation of the existing  
6           wastewater outfall, and improvements to chemical  
7           recovery and power generation equipment. Total  
8           capital expenditures are estimated to be  
9           \$200,000,000, \$25,000,000 of which the purchaser  
10          has already invested.

11          “(4) Extension of the contract for 15 years is  
12          the minimum reasonable extension period to allow  
13          amortization of these environmental improvement  
14          and energy efficiency projects.

15          “(5) Ketchikan is the fourth largest city in  
16          Alaska. Its economic and job base are extremely de-  
17          pendent upon the continuation of the contract, which  
18          provides the principal source of year-round employ-  
19          ment in the area. The purchaser has stated among  
20          its goals and objectives the following:

21                 “(A) Continuation of a long-term commit-  
22                 ment to Ketchikan and southeast Alaska, in-  
23                 cluding maintenance of a stable Alaskan  
24                 workforce, utilization of Alaskan contractors,

1 vendors, and suppliers to permit those busi-  
2 nesses to hire and maintain Alaskan employees.

3 “(B) Participation in the Forest Service’s  
4 land management planning process with other  
5 users so that the process may be completed ex-  
6 peditiously with maximum information.

7 “(C) Adherence to sound principles of mul-  
8 tiple-use and sustained yield of forest resources  
9 providing for the production of sustainable con-  
10 tract volumes for the purchaser and the other  
11 timber operators in southeast Alaska and the  
12 protection and promotion of other forest uses,  
13 including tourism, fishing, subsistence, hunting,  
14 mining, and recreation.

15 “(D) Protection of air, water, and land, in-  
16 cluding fish and wildlife habitat, through com-  
17 pliance with applicable Federal, State, and local  
18 laws.

19 “(E) Commitment to continue to explore  
20 new processes and technology to maximize the  
21 use of timber harvested and increase the value  
22 of products manufactured in southeast Alaska.

23 “(6) The national interest is served by a policy  
24 that accomplishes the proper stewardship of publicly  
25 owned assets in the Tongass National Forest, a fair

1 return to the United States for public timber in the  
2 Tongass National Forest, and a proper balance  
3 among multiple use interests in the Tongass Na-  
4 tional Forest to enhance forest health, sustainable  
5 harvest, and the general economic health and growth  
6 in southeast Alaska and the United States in order  
7 to improve national economic benefits. The national  
8 interest is best achieved by fostering domestic forest  
9 product markets and by modifying the terms of the  
10 contract pursuant to subsection (c).

11 “(c) CONTRACT FAIRNESS CHANGES.—The contract  
12 is hereby modified as follows:

13 “(1) EXTENSION.—The term of the contract is  
14 extended by 15 years from June 30, 2004.

15 “(2) SALE OFFERING PLAN.—The contract  
16 shall include a plan describing the amount of vol-  
17 ume, location, and the schedule by which the pur-  
18 chaser shall receive the timber required by para-  
19 graph (3) for the remainder of the contract term.  
20 The plan shall be coordinated with the Tongass  
21 Land Management Plan.

22 “(3) VOLUME REQUIREMENTS.—The volume of  
23 timber required under the contract shall be provided  
24 in 5-year increments of 962,500,000 board feet,

1       which the purchaser shall be obligated to harvest in  
2       an orderly manner, subject to the following:

3               “(A) Until March 1, 1999, when the next  
4               5-year increment is provided to the purchaser,  
5               the Forest Service shall provide the purchaser  
6               with at least 192,500,000 board feet per year  
7               of available timber at a date certain each year  
8               and shall maintain a supply of timber adequate  
9               to insure the purchaser can reasonably harvest  
10              192,500,000 board feet each year.

11             “(B) To ensure harvest in an orderly man-  
12             ner, the contracting officer shall provide for the  
13             construction by the purchaser of roads in por-  
14             tions of the 5-year increment area of timber in  
15             advance of the 5-year operating period by in-  
16             cluding such roads in the environmental impact  
17             statement prepared for the 5-year operating pe-  
18             riod.

19             “(C) Timber selected for inclusion in the  
20             5-year increment shall meet the mid-market cri-  
21             teria.

22             “(4) APPRAISALS AND RATES.—The contracting  
23             officer shall perform appraisals using normal inde-  
24             pendent national forest timber sale procedures and  
25             designate rates for the increments of timber to be

1 provided. The rates shall not be designated at a level  
2 that places the purchaser at a competitive disadvan-  
3 tage to a similar enterprise in the Pacific Northwest  
4 and those rates shall be the sole charges the pur-  
5 chaser shall be required to pay for timber provided.

6 “(5) MEASUREMENT OF PROPORTIONALITY.—  
7 The Forest Service shall measure proportionality  
8 using the following criteria:

9 “(A) Measure for groups of all contiguous  
10 management areas.

11 “(B) Measure proportionality by acres.

12 “(C) Measure proportionality over the en-  
13 tire rotation age.

14 “(6) CONVERSION OR REPLACEMENT OF PULP  
15 MILL.—The purchaser may convert or replace, in  
16 part or in whole, its pulp mill with a facility the  
17 manufactures any other value added product that  
18 utilizes pulp logs as a raw material component.

19 “(7) UNILATERAL TERMINATION.—The unilat-  
20 eral termination clause of the contract is eliminated.

21 “(8) SUBSEQUENT MODIFICATIONS.—Any  
22 clause in the contract, as modified by this sub-  
23 section, may be further modified only by mutual  
24 agreement of the Forest Service and the purchaser

1 and may be so modified without further Act of Con-  
2 gress.

3 “(d) EFFECTIVE DATE FOR CONTRACT MODIFICA-  
4 TION.—

5 “(1) EFFECTIVE DATE.—The modifications  
6 made by subsection (c) shall take effect 45 days  
7 after the date of the enactment of the Environ-  
8 mental Improvement Timber Contract Extension Act  
9 of 1996.

10 “(2) MINISTERIAL DUTY TO MODIFY THE CON-  
11 TRACT.—Not later than such effective date, the con-  
12 tracting officer shall revise, as a ministerial function,  
13 the text of the contract to conform with the modi-  
14 fications made by subsection (c) and implement the  
15 modified contract. The contracting officer shall  
16 make conforming changes to provisions of the con-  
17 tract that were not modified by subsection (c) in  
18 order to ensure that the modifications made by such  
19 subsection are implemented.

20 “(e) TRANSITION TIMBER SUPPLY.—Timber volume  
21 available or scheduled to be offered to the purchaser under  
22 the contract in effect on the day before the date of the  
23 enactment of the Environmental Improvement Timber  
24 Contract Extension Act of 1996 shall continue to be of-  
25 fered and scheduled under the contract as modified by

1 subsection (c) along with such additional timber volume  
2 as is necessary to satisfy the timber volume requirement  
3 of 192,500,000 board feet per year.”.

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