

A Rotten Deal for Taxpayers

Building Roads to Nowhere in the Tongass National Forest

ONE-OF-A-KIND

The Tongass National Forest has long been considered unique for its size. At 17 million acres it is our country's largest national forest and the world's largest intact coastal temperate rainforest. Now it stands alone as the only National Forest where the Forest Service engages in the fiscally irresponsible practice of using taxpayer dollars to build roads in hopes of enticing private logging companies to cut down centuries-old trees.

For over 50 years, taxpayers have been asked foot the bill to pave and log the Tongass National Forest. Incredibly, the Forest Service isn't even waiting anymore for a timber company to buy a sale before they use taxpayer dollars to carve roads into America's Rainforest. Increasingly, taxpayer dollars are used to build or reconstruct roads into *potential* timber sale areas before the trees are offered for sale, let alone before the timber company purchases the right to log.

THE "ROTTEN" DEAL

Historically, timber sale purchasers on the national forests have been required to build or pay the cost of building any roads needed to provide access to the timber. Today, not only is the Forest Service giving timber away for the price of a cheeseburger, but taxpayers are paying to build roads as an incentive for the logging giveaway.

In the past five years, however, markets for timber in the Tongass National Forest have been so weak that the value of the timber is normally insufficient to cover the cost of the roads. The Forest Service has responded to this by using taxpayer money to build roads for the logging companies, even where the cost of the roads far exceeds the revenues the public receives from the timber sales. Many of the timber sales receive no bids unless taxpayer dollars are fronted to build roads. Even after the road building is paid for by the public, most sales receive only one bidder.

According to Forest Service and State of Alaska records, over \$14 million has been spent directly on roads constructed for timber companies on nearly a dozen timber sales currently under contract in the Tongass. The three companies benefiting from the taxpayer subsidized roads paid just over \$1.7 million for the timber off these roads for a loss of more than \$12 million on just 10 sales. The taxpayer losses for road construction are compounded by the millions of dollars more spent by the Forest Service for planning and administering these sales. For the past 25 years, the taxpayer has lost on average \$40 million each year on the Tongass logging program.



The Forest Service spent nearly \$2.7 million building the Midway Road on the Tongass. The Forest Service tried to sell the timber twice, once before building the road and once afterward. Both times the Forest Service failed to find a buyer. The sale finally sold several years after the roads were built – at a massive loss to taxpayers.

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Taxpayer loss per sale is provided on the second page of this fact sheet.

**America's Taxpayer Deserves Better and
So Does America's Rainforest!**

ROADS TO NOWHERE
TONGASS NATIONAL FOREST¹
2002 – 2006

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<u>Timber Sale Name</u>	<u>Date of Public Road Contract</u>	<u>Cost of Public Road Contract</u>	<u>Date of Timber Sale Award</u>	<u>Bid Value of Timber Sale</u>	<u>Timber Sale Contractor</u>	<u>Loss to Taxpayers on Roads</u>
Midway	6/21/02	\$ 2,500,000	11/3/04	\$ 52,467	Icy Straits	\$ 2,447,533
Summore Change II	6/21/02	2,539,000	1/22/03	443,524	Viking	2,095,476
Kogish-Shinaku II	6/10/03	875,923	1/14/05	96,001	Viking	779,922
Fusion ²	8/03 and 2/04	1,405,853	5/26/04	277,772	Viking	1,128,081
Finger Point	3/31/04	680,991	9/3/04	67,561	Viking	613,430
Skipping Cow	6/05	1,300,000	4/06	143,196	Alcan	1,156,804
Luc Lac II	7/20/05	224,627	9/1/05	121,817	Viking	102,810
Upper Carroll II	7/20/05	1,555,000	12/9/05	179,952	Pacific	1,375,048
Lindenberg ³	3/2/06	391,000	12/21/05	231,295	Viking	159,705
Buckdance-Madder	4/21/06	2,877,000	4/06	106,926	Pacific	2,770,074
TOTAL		\$ 14,349,394		\$ 1,720,511		\$ 12,628,883

¹ Source: U.S. Forest Service.

² The Fusion sale had three public works road contracts dated 8/18/03, 2/2/04, and 2/28/04. The figure in the cost column is the sum of the cost of the three contracts.

³ Although the road contract for the Lindenberg sale was not entered until after the bid date of the timber sale, public construction of the road was a requirement of the timber sale contract.