

111TH CONGRESS  
1ST SESSION

# S. 785

To establish a grant program to encourage retooling of entities in the timber industry in Alaska, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

APRIL 2, 2009

Ms. MURKOWSKI (for herself and Mr. BEGICH) introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

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## A BILL

To establish a grant program to encourage retooling of entities in the timber industry in Alaska, and for other purposes.

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. SHORT TITLE.**

4 This Act may be cited as the “Southeast Alaska Tim-  
5 ber Industry Retooling and Restructuring Act”.

6 **SEC. 2. PURPOSE.**

7 The purpose of this Act is to assist entities involved  
8 in the timber industry in Alaska—

1           (1) to deal with the adverse impacts of Federal  
2 timber policy;

3           (2) to facilitate the economic adjustment of  
4 those entities; and

5           (3) to retain jobs and lessen the impact of un-  
6 employment in communities where those entities are  
7 located.

8 **SEC. 3. DEFINITIONS.**

9       In this Act:

10           (1) **FEDERAL TIMBER POLICY.**—The term  
11 “Federal timber policy” means any law or regulation  
12 of the United States relating to the timber industry,  
13 including any policy of the United States Forest  
14 Service and any land management plans related to  
15 the timber industry.

16           (2) **SECRETARY.**—The term “Secretary” means  
17 the Secretary of Agriculture.

18 **SEC. 4. GRANTS AUTHORIZED.**

19       The Secretary, through an economic development  
20 program carried out by the Chief of the Forest Service,  
21 may provide grants to eligible entities described in section  
22 5 for retooling projects described in section 6.

1 **SEC. 5. ELIGIBLE ENTITIES DESCRIBED.**

2 An eligible entity described in this section is any enti-  
3 ty, including sawmills, logging companies, and road con-  
4 struction companies, that—

5 (1) operated in the timber industry in Alaska  
6 on January 1, 2009; and

7 (2) prior to the date described in paragraph  
8 (1), operated in the timber industry in Alaska for  
9 not less than 10 years.

10 **SEC. 6. RETOOLING PROJECTS DESCRIBED.**

11 (a) IN GENERAL.—A retooling project described in  
12 this section is a project designed to facilitate the economic  
13 adjustment of an eligible entity by allowing the eligible en-  
14 tity—

15 (1) to improve or alter the business and prac-  
16 tices of the eligible entity to allow the eligible entity  
17 to become more competitive within the timber indus-  
18 try; or

19 (2) to shift to a type of business that is not re-  
20 lated to the timber industry.

21 (b) ADDITIONAL REQUIREMENT.—An eligible entity  
22 seeking a grant for a retooling project shall commit, to  
23 the extent practicable, to continue to employ substantially  
24 the same number of employees employed by the eligible  
25 entity on January 1, 2009, for a reasonable period after

1 the completion of the retooling project, as determined by  
2 the Secretary.

3 **SEC. 7. APPLICATION PROCESS.**

4 (a) IN GENERAL.—An eligible entity seeking a grant  
5 under this Act shall submit an application to the Secretary  
6 in such form and in such manner as the Secretary con-  
7 siders appropriate.

8 (b) CONTENTS.—An application submitted under  
9 subsection (a) shall include—

10 (1) a description of the retooling project for  
11 which the eligible entity is seeking a grant;

12 (2) a business plan and budget, including start-  
13 up costs, for the retooling project; and

14 (3) a demonstration of the likelihood of success  
15 of the retooling project.

16 (c) APPROVAL.—Not later than 30 days after the  
17 date on which the Secretary receives an application under  
18 subsection (a) from an eligible entity, the Secretary shall  
19 determine whether to award a grant to the eligible entity.

20 (d) DENIAL.—If the Secretary determines not to  
21 award a grant to an eligible entity that submitted an ap-  
22 plication under subsection (a), the Secretary shall afford  
23 the eligible entity a reasonable opportunity to address any  
24 deficiencies in the application.

1 **SEC. 8. AMOUNT OF GRANT.**

2 (a) IN GENERAL.—Not later than 30 days after the  
3 date on which the Secretary determines to award a grant  
4 to an eligible entity, the Secretary shall—

5 (1) approve the business plan and the budget  
6 for the retooling project of the eligible entity; and

7 (2) determine the amount of the grant to award  
8 the eligible entity.

9 (b) DETERMINATION.—In determining the amount of  
10 the grant to award to an eligible entity, the Secretary shall  
11 consider the budget for the retooling plan approved under  
12 subsection (a)(1). The amount of the grant—

13 (1) shall cover 75 percent of the cost of the  
14 budget, not including any debt reimbursement costs;  
15 and

16 (2) may cover up to 100 percent of the cost of  
17 the budget if the Secretary determines appropriate  
18 based on the extent of unemployment in the commu-  
19 nity in which the retooling project will be based.

20 **SEC. 9. USE OF GRANT FUNDS.**

21 (a) IN GENERAL.—An eligible entity receiving a  
22 grant under this Act—

23 (1) may use the grant—

24 (A) to pay for start-up costs necessary for  
25 the retooling project, including equipment,

1 worker training, facility acquisition, technical  
2 assistance, and raw materials; and

3 (B) to reimburse the eligible entity for the  
4 unamortized portion of debt described in sub-  
5 section (b); and

6 (2) may not use the grant for the ongoing oper-  
7 ational and maintenance costs of the eligible entity.

8 (b) REIMBURSEMENT OF DEBT.—

9 (1) IN GENERAL.—An eligible entity may use a  
10 grant under this Act for the reimbursement of debt  
11 under subsection (a)(1)(B), without regard to  
12 whether the debt is held by Federal or private lend-  
13 ers, if—

14 (A) the eligible entity demonstrates that  
15 the debt was incurred—

16 (i) to acquire or improve infrastruc-  
17 ture or equipment related to the timber in-  
18 dustry, including sawmills, logging equip-  
19 ment, and road construction equipment, as  
20 a result of Federal timber policy; and

21 (ii) on or after January 1, 1998, and  
22 before January 1, 2009; and

23 (B) the lender certifies and notarizes the  
24 amount of unamortized debt.

1           (2) REDUCTION.—The amount of a grant to be  
2           used for the reimbursement of debt under subsection  
3           (a)(1)(B) shall be reduced by the amount of any  
4           proceeds from the sale by the eligible entity of any  
5           infrastructure or equipment described in paragraph  
6           (1)(A).

7   **SEC. 10. DURATION OF GRANT PROGRAM.**

8           The grant program under this Act shall be carried  
9           out during the 2-year period beginning on the date on  
10          which the Secretary prescribes the regulations under sec-  
11          tion 12.

12   **SEC. 11. TREATMENT AS A MINORITY SMALL BUSINESS**  
13                           **CONCERN UNDER THE SMALL BUSINESS ACT.**

14          Notwithstanding any other provision of law, an eligi-  
15          ble entity receiving a grant under this Act shall be treated  
16          as a small business concern owned or controlled by socially  
17          and economically disadvantaged individuals (as that term  
18          is defined in section 8(d)(3)(C) of the Small Business Act  
19          (15 U.S.C. 637(d)(3)(C))) for purposes of the Small Busi-  
20          ness Act (15 U.S.C. 631 et seq.) for 3 years after the  
21          date on which the Secretary approves the application of  
22          the eligible entity for a grant under section 7.

1 **SEC. 12. REGULATIONS.**

2 Not later than 120 days after the date of the enact-  
3 ment of this Act, the Secretary shall prescribe regulations  
4 to carry out the grant program under this Act.

5 **SEC. 13. AUTHORIZATION OF APPROPRIATIONS.**

6 There are authorized to be appropriated to the Sec-  
7 retary \$40,000,000 to carry out the grant program under  
8 this Act for fiscal years 2010 and 2011.

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