A BILL

FOR AN ACT ENTITLED

"An Act relating to the sale or other disposal, leasing, or encumbrance of Alaska Railroad Corporation land; relating to the financing and bonding authority of the Alaska Railroad Corporation; and providing for an effective date."

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

* Section 1. AS 38.05.125(a) is amended to read:

(a) Each contract for the sale, lease, or grant of state land, and each deed to state land, properties, or interest in state land, made under AS 38.05.045 - 38.05.120, 38.05.321, 38.05.810 - 38.05.825, AS 38.08, [OR] AS 38.50, or AS 42.40.352, except as provided in AS 38.50.050, is subject to the following reservations: "The party of the first part, Alaska, hereby expressly saves, excepts, and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind, or description, and which may be in or upon said land above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals,
fissionable materials, geothermal resources, and fossils, and it also hereby expressly
saves and reserves out of the grant hereby made, unto itself, its lessees, successors,
and assigns forever, the right to enter by itself, its or their agents, attorneys, and
servants upon said land, or any part or parts thereof, at any and all times for the
purpose of opening, developing, drilling, and working mines or wells on these or other
land and taking out and removing therefrom all such oils, gases, coal, ores, minerals,
fissionable materials, geothermal resources, and fossils, and to that end it further
expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and
assigns forever, the right by its or their agents, servants, and attorneys at any and all
times to erect, construct, maintain, and use all such buildings, machinery, roads,
pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such
soil, and to remain on said land or any part thereof for the foregoing purposes and to
occupy as much of said land as may be necessary or convenient for such purposes
hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid,
generally all rights and power in, to, and over said land, whether herein expressed or
not, reasonably necessary or convenient to render beneficial and efficient the complete
enjoyment of the property and rights hereby expressly reserved."

* Sec. 2. AS 38.05.125(a), as amended by sec. 1 of this Act, is amended to read:

(a) Each contract for the sale, lease, or grant of state land, and each deed to
state land, properties, or interest in state land, made under AS 38.05.045 - 38.05.120,
38.05.321, 38.05.810 - 38.05.825, AS 38.08, or AS 38.50, [ OR AS 42.40.352,] except
as provided in AS 38.50.050, is subject to the following reservations: "The party of the
first part, Alaska, hereby expressly saves, excepts, and reserves out of the grant hereby
made, unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores,
minerals, fissionable materials, geothermal resources, and fossils of every name, kind,
or description, and which may be in or upon said land above described, or any part
thereof, and the right to explore the same for such oils, gases, coal, ores, minerals,
fissionable materials, geothermal resources, and fossils, and it also hereby expressly
saves and reserves out of the grant hereby made, unto itself, its lessees, successors,
and assigns forever, the right to enter by itself, its or their agents, attorneys, and
servants upon said land, or any part or parts thereof, at any and all times for the
purpose of opening, developing, drilling, and working mines or wells on these or other land and taking out and removing therefrom all such oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils, and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right by its or their agents, servants, and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said land or any part thereof for the foregoing purposes and to occupy as much of said land as may be necessary or convenient for such purposes hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid, generally all rights and power in, to, and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved."

*Sec. 3.* AS 42.40.120(b) is amended to read:

(b) Within 60 days after its first meeting, the board shall delegate the following activities of the corporation to the chief executive officer or other executive officers designated by the board:

1. leasing subject to **AS 42.40.350(b)** and **(d)** [AS 42.40.285 AND 42.40.350(b) AND (d)], granting easements in, issuing permits for the use of, or conveying other interests in property that do not constitute a transfer of the corporation's entire interest in land;
2. establishing specific rates, tariffs, divisions, and contract rate agreements;
3. making routine changes in service levels;
4. establishing procurement and accounting procedures for the corporation; and
5. performing procurement activities.

*Sec. 4.* AS 42.40.120(b), as amended by sec. 3 of this Act, is amended to read:

(b) Within 60 days after its first meeting, the board shall delegate the following activities of the corporation to the chief executive officer or other executive officers designated by the board:
(1) leasing subject to AS 42.40.285 and 42.40.350(b) and (d) [AS 42.40.350(b) AND (d)], granting easements in, issuing permits for the use of, or conveying other interests in property that do not constitute a transfer of the corporation's entire interest in land;

(2) establishing specific rates, tariffs, divisions, and contract rate agreements;

(3) making routine changes in service levels;

(4) establishing procurement and accounting procedures for the corporation; and

(5) performing procurement activities.

* Sec. 5. AS 42.40.120(c) is amended to read:

(c) Notwithstanding (a) and (b) of this section, specific board approval is required for the following:

(1) issuing bonds upon approval by the legislature;

(2) mortgaging or pledging corporation assets;

(3) donating property or other assets belonging to the corporation;

(4) acting as a surety or guarantor;

(5) adopting a long-range capital improvement and program plan;

(6) adopting annual reports;

(7) effecting general, comprehensive increases and decreases in rates;

(8) expanding or reducing services in a major way;

(9) expanding the main or branch rail lines including spur, industrial, team, switching, or side tracks, other than performing routine track alignment as necessary to maintain existing service levels;

(10) selecting independent auditors and accountants;

(11) entering into collective bargaining agreements;

(12) adopting annual budgets;

(13) beginning a capital project with an estimated completion cost of more than $500,000 or an estimated completion time of more than one year;

(14) exchanging, donating, selling, or otherwise conveying, disposing of, or encumbering its entire interest in land [SUBJECT TO APPROVAL BY THE
LEGISLATURE];

(15) exercising the power of eminent domain.

* Sec. 6. AS 42.40.120(c), as amended by sec. 5 of this Act, is amended to read:

(c) Notwithstanding (a) and (b) of this section, specific board approval is required for the following:

(1) issuing bonds upon approval by the legislature;
(2) mortgaging or pledging corporation assets;
(3) donating property or other assets belonging to the corporation;
(4) acting as a surety or guarantor;
(5) adopting a long-range capital improvement and program plan;
(6) adopting annual reports;
(7) effecting general, comprehensive increases and decreases in rates;
(8) expanding or reducing services in a major way;
(9) expanding the main or branch rail lines including spur, industrial, team, switching, or side tracks, other than performing routine track alignment as necessary to maintain existing service levels;
(10) selecting independent auditors and accountants;
(11) entering into collective bargaining agreements;
(12) adopting annual budgets;
(13) beginning a capital project with an estimated completion cost of more than $500,000 or an estimated completion time of more than one year;
(14) exchanging, donating, selling, or otherwise conveying [DISPOSING OF, OR ENCUMBERING] its entire interest in land **subject to** approval by the legislature;
(15) exercising the power of eminent domain.

* Sec. 7. AS 42.40.285, as amended by sec. 21 of this Act, is amended to read:

Sec. 42.40.285. Legislative approval required. Unless the legislature approves the action by law, the corporation may not

(1) [REPEALED]
(2) [issue bonds;

(2) [(3)] extend railroad lines; this paragraph does not apply to a spur,
industrial, team, switching, or side track;

(3) [(4) REPEALED

(5)] apply for or accept a grant of federal land within a municipality; before approving an action under this paragraph, the legislature must determine that the federal land is required for essential railroad purposes; this paragraph does not apply to the application for or acceptance of a grant of federal land associated with

(A) the Anchorage-Wasilla line change project on Elmendorf Air Force Base and Fort Richardson;

(B) the Fairbanks intermodal rail yard expansion project;

(C) a conveyance of rail properties of the Alaska Railroad under the original Alaska Railroad Transfer Act of 1982 as set out in Title VI, P.L. 97-468; in this subparagraph, "rail properties of the Alaska Railroad" has the meaning given in 45 U.S.C. 1202(10);

(4) exchange, donate, sell, or otherwise convey its entire interest in land;

(5) lease land for a period in excess of 95 years unless the corporation reserves the right to terminate the lease if the land is needed for railroad purposes.

* Sec. 8. AS 42.40.350(b) is amended to read:

(b) Railroad utility corridors shall be of a width at least 100 feet on both sides of the centerline of the extended main or branch line, unless the corporation does not own or control sufficient land to allow a corridor of that width. Railroad utility corridors may be surveyed by the metes and bounds method. The corporation may not convey or encumber its entire interest in land within a utility corridor except as provided in AS 42.40.120(c)(14) [AS 42.40.285], 42.40.370(d), and 42.40.400. However, the corporation may lease, subject to [AS 42.40.285 AND] (d) of this section, grant easements in or permits for, or otherwise authorize use of portions of a utility corridor for transportation, communication, and transmission purposes and support functions associated with those purposes, and for commercial and other uses authorized under this chapter if the use does not restrict other parallel uses of the utility corridor.
* Sec. 9. AS 42.40.350(b), as amended by sec. 8 of this Act, is amended to read:

(b) Railroad utility corridors shall be of a width at least 100 feet on both sides of the centerline of the extended main or branch line, unless the corporation does not own or control sufficient land to allow a corridor of that width. Railroad utility corridors may be surveyed by the metes and bounds method. The corporation may not convey [OR ENCUMBER] its entire interest in land within a utility corridor except as provided in **AS 42.40.285** [AS 42.40.120(c)(14)], 42.40.370(d), and 42.40.400. However, the corporation may lease, subject to **AS 42.40.285 and** (d) of this section, grant easements in or permits for, or otherwise authorize use of portions of a utility corridor for transportation, communication, and transmission purposes and support functions associated with those purposes, and for commercial and other uses authorized under this chapter if the use does not restrict other parallel uses of the utility corridor.

* Sec. 10. AS 42.40.350(c) is amended to read:

(c) The corporation may lease, subject to [AS 42.40.285 AND] (d) of this section, grant easements in or permits for, or otherwise authorize use of portions of rail land. The [HOWEVER, THE] corporation may [NOT] convey or encumber its entire interest in rail land [EXCEPT] as provided in **AS 42.40.120(c)(14), 42.40.285(2)** [AS 42.40.285, 42.40.352], 42.40.370(d), and 42.40.400.

* Sec. 11. AS 42.40.350(c), as amended by sec. 10 of this Act, is amended to read:

(c) The corporation may lease, subject to **AS 42.40.285 and** (d) of this section, grant easements in or permits for, or otherwise authorize use of portions of rail land. **However, the** [THE] corporation may **not** convey [OR ENCUMBER] its entire interest in rail land **except** as provided in **AS 42.40.285, 42.40.352** [AS 42.40.120(c)(14), 42.40.285(2)], 42.40.370(d), and 42.40.400.

* Sec. 12. AS 42.40.350(d) is amended to read:

(d) A lease, [OR] disposal, or encumbrance of land approved by the board [LEGISLATURE] under **AS 42.40.120(c)(14)** [AS 42.40.285] by the corporation to a party other than the state shall be made at fair market value as determined by a qualified appraiser or by competitive bid.

* Sec. 13. AS 42.40.350(d), as amended by sec. 12 of this Act, is amended to read:
(d) A lease or disposal of land approved by the legislature [BOARD] under AS 42.40.285 [AS 42.40.120(c)(14)] by the corporation to a party other than the state shall be made at fair market value as determined by a qualified appraiser or by competitive bid.

*Sec. 14.* AS 42.40.352 is repealed and reenacted to read:

Sec. 42.40.352. Sale or other disposal or encumbrance of land not necessary for railroad purposes. (a) The corporation may exchange, donate, sell, or otherwise convey, dispose of, or encumber the corporation's entire interest in land under AS 42.40.120(c)(14), reserving to the state the interests required by AS 38.05.125, if the board finds the

(1) interest in the land is not necessary for railroad purposes; and

(2) exchange, donation, sale, or other conveyance, disposal, or encumbrance of the entire interest in the land is in the best interests of the state.

(b) At least 60 days before exchanging, donating, selling, or otherwise conveying, disposing of, or encumbering the corporation's entire interest in land under this section, the corporation shall

(1) publish public notice of the proposed action, including a summary of the board's findings under (a) of this section;

(2) notify adjacent landowners of the proposed action by registered mail; and

(3) provide notice, including a summary of the board's findings under (a) of this section, and an opportunity to comment on the proposed action to the Department of Natural Resources, the Department of Transportation and Public Facilities, and the governing body of each municipality in which the land is located.

(c) Before selling the corporation's entire interest in land under this section, the corporation shall provide notice to persons having a leasehold interest in the land proposed to be sold and offer the leaseholders the right of first refusal. A leaseholder shall exercise a right of first refusal within 90 days after receiving the offer. The right of first refusal is extinguished if rejected by the leaseholder in writing.

(d) The corporation shall separately account for the proceeds from the exchange, donation, sale, or other conveyance or disposal of the corporation's entire
interest in land and shall report the earnings and balance in the account in the annual report required by AS 42.40.260. Money in the account may be appropriated in accordance with 45 U.S.C. 1207(a) (Alaska Railroad Transfer Act of 1982).

* Sec. 15. AS 42.40.352, as repealed and reenacted by sec. 14 of this Act, is repealed and reenacted to read:

Sec. 42.40.352. Sale of land not necessary for railroad purposes. (a) The corporation may sell land if the board finds (1) the land is not necessary for railroad purposes, and (2) the sale of the land is in the best interest of the state. The sale of land is subject to the terms and conditions of AS 42.40.285, 42.40.350(d), and this section.

(b) Before offering land for sale under this section, the corporation shall

(1) publish public notice of the proposed sale that includes the finding by the board that the land is not necessary for railroad purposes and that the sale is in the best interest of the state;

(2) provide notice to persons having a leasehold interest in the land proposed to be sold and offer the leaseholders the right of first refusal; and

(3) receive legislative approval under AS 42.40.285.

(c) The corporation shall separately account for the proceeds from the sale of land under this section and shall report the earnings and balance in the account in the annual report required by AS 42.40.260. Money in the account may be appropriated in accordance with 45 U.S.C. 1207(a)(5) (Alaska Railroad Transfer Act of 1982).

* Sec. 16. AS 42.40.410 is amended to read:

Sec. 42.40.410. Federal land. Except as provided in AS 42.40.285(3) [AS 42.40.285(5)], the corporation may submit applications on its own behalf as an instrumentality of the state for acquisition of federal land available under federal law that will enhance the operations of the corporation if it is available under a federal law other than the Alaska Statehood Act of 1958 (P.L. 85-508, 72 Stat. 339), as amended. The corporation may receive in its own name conveyances of all interests in federal land.

* Sec. 17. AS 42.40.435 is amended to read:

Sec. 42.40.435. Exchange of land. The corporation may exchange land subject to AS 42.40.352 [AS 42.40.285]. The corporation is an instrumentality and agency of
the state for purposes of exchanging land with the United States, municipalities, corporations including corporations formed under 43 U.S.C. 1601 - 1628 (Alaska Native Claims Settlement Act), and individuals.

* Sec. 18. AS 42.40.435, as amended by sec. 17 of this Act, is amended to read:

Sec. 42.40.435. Exchange of land. The corporation may exchange land subject to AS 42.40.285 [AS 42.40.352]. The corporation is an instrumentality and agency of the state for purposes of exchanging land with the United States, municipalities, corporations including corporations formed under 43 U.S.C. 1601 - 1628 (Alaska Native Claims Settlement Act), and individuals.

* Sec. 19. AS 42.40.550 is amended to read:

Sec. 42.40.550. Extension of railroad to Fort Greely. The corporation may acquire a transportation corridor between the existing railroad corridor and Fort Greely, Alaska, and construct a rail line within the corridor to provide rail service to the Fort Greely area and points between. The transportation corridor may be designated for a use identified under AS 42.40.350(b) and other transportation and utility uses. The corporation may also acquire land along the corridor for use as rail land that can be developed for terminal, station, and maintenance facilities, switching yards, and any other purposes associated with the railroad utility corridor. [THE CORPORATION MAY PROVIDE FINANCING FOR THE ACQUISITION, CONSTRUCTION, IMPROVEMENT, MAINTENANCE, EQUIPPING, AND OPERATION OF THE RAIL LINE AND RELATED FACILITIES BETWEEN THE EXISTING RAILROAD CORRIDOR AND FORT GREELY, ALASKA.]

* Sec. 20. AS 42.40.695 is amended to read:

Sec. 42.40.695. Public purpose of bonds. Bonds [OF THE CORPORATION ISSUED TO FINANCE FACILITIES DESCRIBED IN AS 42.40.550 AND 42.40.560 AND BONDS] of the corporation issued to finance the acquisition, construction, improvement, maintenance, equipping, and operation of real and personal property, including facilities and equipment, described in AS 42.40.570 are issued by a public corporation and an instrumentality of the state for an essential public and governmental purpose.

* Sec. 21. AS 42.40.285(1), 42.40.285(4), 42.40.560, and 42.40.630(b) are repealed.
* Sec. 22. Sections 1 and 4, ch. 77, SLA 1994, secs. 1 and 5, ch. 71, SLA 2003, and sec. 3, ch. 46, SLA 2004, are repealed.

* Sec. 23. The uncodified law of the State of Alaska is amended by adding a new section to read:

REPORTING REQUIREMENT. Annually, beginning in 2019 and ending in 2021, not later than March 1 of each regular legislative session, the Alaska Railroad Corporation shall present to the Resources Committees of the legislature and the Finance Committees of the legislature a report on its activities under this Act. The Alaska Railroad Corporation may satisfy the reporting requirement under this section by appearing in person before the Resources Committees of the legislature and the Finance Committees of the legislature.

* Sec. 24. Sections 1, 3, 5, 8, 10, 12, 14, 16, 17, 19, 20, 21, and 22 of this Act take effect immediately under AS 01.10.070(c).

* Sec. 25. Sections 2, 4, 6, 7, 9, 11, 13, 15, and 18 of this Act take effect three years after the effective date of secs. 1, 3, 5, 8, 10, 12, 14, 17, and 21 of this Act.