



## **“An Act relating to the sale, other disposal, leasing and encumbrance of Alaska Railroad Corporation land”**

### **Overview**

Senate Bill 86 will change the current requirements under AS 42.40.285 to authorize the Alaska Railroad Board of Directors (ARRC Board) to sell, dispose of and encumber the entire interest of the Alaska Railroad Corporation (ARRC) in its land, and to issue leases of more than 95 years, without authority from the Alaska State Legislature (Legislature) and the Governor of Alaska (Governor).

This legislation will allow the ARRC Board to streamline real estate transactions and make decisions in a timely manner as to whether the sale or other disposal of ARRC property, or leases longer than 95 years, are in the best interest of ARRC. This is the same ability held by other state entities such as the Department of Transportation and Public Facilities (DOT&PF), the Department of Natural Resources (DNR), the Alaska Mental Health Lands Trust, and the University of Alaska.

SB 86 will allow ARRC to work more efficiently with those same state entities, particularly DOT&PF, on land sales or exchanges needed for state road or facility projects. It will also allow ARRC to monetize non-performing land assets, generate cash flow to respond to opportunities in the real estate market, and enhance the overall real estate portfolio while complying with the statutory mandate to remain self-sufficient.

In 1985, the federal government transferred land reserves of approximately 36,000 acres to ARRC in order to provide the land base to build infrastructure for transportation services and to generate revenue. Approximately 18,000 acres are devoted to railroad right-of-way and operations, such as rail yards. The remaining 18,000 acres are available for lease, permit, sale or exchange.

Since transfer, ARRC land holdings have been very important to fulfilling the statutory mandate to remain self-sufficient. In 2015, real estate leasing revenues provided 15% of operating revenues and more than 80% of corporate net income. Proceeds from leasing and permitting have provided a steady, reliable source of funds to invest in capital projects that do not qualify for federal funding and to provide a buffer for lean years when train operations revenues do not cover expenses.

The ARRC Board consists of seven members appointed by the Governor: four public members, two state commissioners, and one ARRC employee member. All decisions to lease or sell land occur in publicly noticed and open meetings.