



# ALASKA STATE LEGISLATURE

## HOUSE LABOR & COMMERCE COMMITTEE

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### House Bill 314

### Sponsor Statement

The Alaska Railroad is mandated by the state to foster and encourage economic development for Alaskan communities and the state as a whole. HB 314, which extends the maximum Alaska Railroad property lease term from 55 to 95 years, is in line with this directive. HB 314 will create sizeable investment opportunities, which in turn will contribute to economic growth and jobs for Alaskans.

Real estate developers and lending institutions agree that large multi-million dollar developments require a level of financial security afforded by longer leases. High value building construction comes with the expectation that builders will be able to recoup their substantial investments through subsequent sales. When millions of dollars are at stake, investors require sufficient time to sell and ensure a marketable property exists for refinancing and for future buyers.

It is important to note that shorter leases will still be approved when appropriate. The Alaska Railroad will look closely at the economic life of proposed improvements and investments before making a 95 year commitment to the use of railroad land.

HB 314 allows developers and owners the flexibility that is necessary in the current real estate market to make long term developments and improvements on property owned by the State of Alaska under the Alaska Railroad Corporation's direction.

HB 314 is supported by the Alaska Railroad Corporation, the City of Seward, the City of Whittier, the Municipality of Anchorage and the Alaska RR Leaseholders Association.