

ALASKA STATE LEGISLATURE

SENATE TRANSPORTATION COMMITTEE

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Sponsor Statement for SB 105 – Bill Version B

"An Act authorizing the Alaska Railroad Corporation to issue revenue bonds to finance the replacement of the Alaska Railroad Corporation's passenger dock and related terminal facility in Seward, Alaska; and providing for an effective date."

The Alaska Railroad Corporation (ARRC) owns and operates a passenger dock and an associated intermodal terminal facility in Seward, Alaska. These facilities serve cruise ships; other passenger and freight vessels; and provide cruise ship passengers who help support Southcentral Alaska's economy.

These facilities were both built in 1966 and have experienced significant corrosion over their half-century lifespan. Recently, the deterioration of the dock has forced dock managers to implement weight restrictions. While currently safe for restricted service, the dock is clearly nearing the end of its useful life. Continuing to curtail use or completely closing the dock would severely impact not just the vessels that rely on the dock, but also the robust tourism industry in Seward. ARRC would lose a key revenue source, important for meeting their public corporation obligations and supporting necessary capital improvements across the state. More broadly, losing the Seward dock would diminish a key gateway that would take a heavy toll on Southcentral Alaska's travel industry and broader transportation infrastructure across the state.

The Legislature and the Governor recognized the importance of this issue in 2022 when both parties authorized ARRC to issue up to \$60 million in bonds to replace its aging Seward passenger dock and terminal. After working closely with their long-term dock tenant, Royal Caribbean Group (RCG), ARRC is now requesting an additional \$75 million in bond authorization to support an expanded version of this vital project that aligns with RCG growing needs.

Senate Bill 105 authorizes ARRC to issue revenue bonds up to \$135 million total for the Seward Dock replacement project. The project will be fully funded by ARRC through a multi-year berthing agreement with the RCG with an annual revenue guarantee. Per the railroad's statutes, the bonds are not a liability of the state and no state dollars will be used to repay them. To support RCG's commitment and associated economic growth, the project construction schedule is time-sensitive.

The passage of SB 105 this session allows ARRC to proceed on schedule with the critically needed Seward dock/terminal replacement and expansion project. Join me in supporting this opportunity to secure Seward's critical port infrastructure and boost the tourism industry in Seward and around the state of Alaska.