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HB 332: Sale of Alaska Railroad Sectional Analysis – Version A

Sections 1-3. Amends uncodified law of the State of Alaska

Section 1.

This section mandates the sale of the Alaska Railroad by setting strict timelines for the governor to issue a request for proposals and enter into a sales agreement. The buyer of the railroad must commit to continuing operations for a minimum of 50 years, assume all existing contracts of the Alaska Railroad Corporation, and pay a purchase price exceeding either the fair market value of the railroad or the total amount the state has invested in the railroad. The sale agreement is subject to legislative approval, and the Alaska Railroad Corporation is restricted from any actions that could diminish the railroad's value before the sale. The state shall retain an easement on Alaska Railroad right-of-way lands for transportation, communication, and transmission purposes. The governor must commission a fair market appraisal of the railroad, report on both the appraisal and the sale procedures to the legislature and adopt regulations to implement this act. Upon completion of the sale, the Alaska Railroad Corporation will be dissolved, and non-essential railroad property will be transferred to the Department of Natural Resources. The sale process is exempt from standard state procurement codes and regulations governing the Alaska Railroad Corporation. Finally, the sale of the railroad is contingent upon the execution of a resource development agreement, which is likely outlined in a subsequent section of the bill.

Section 2.

This section underscores the strong connection between the sale of the Alaska Railroad and the state's goal of promoting resource development. It requires the buyer of the Alaska Railroad to enter into a resource development agreement with the state within 180 days of the sale. This agreement must demonstrate the buyer's commitment to actively invest in expanding and improving the railroad to better facilitate resource development projects within the state.

The agreement must contain key elements, including a state pledge to allocate a portion of the sale proceeds (subject to legislative appropriation) for railroad modernization, expansion, and maintenance, specifically including new rail lines for resource access. The buyer commits to working with the state, local communities, and other stakeholders to determine strategic locations for new railroad infrastructure to support resource development. The buyer will regularly report to the state and legislature on the agreement's implementation, including construction progress. Finally, the agreement must outline a process for resolving any potential disputes between the state and the buyer.

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Similar to the sales agreement, the resource development agreement requires legislative approval.

Section 3.

This section establishes a process to identify and categorize all assets belonging to the Alaska Railroad Corporation. The governor is tasked with compiling this inventory, which must include all real property, personal property, and intangible assets. The governor must then determine which assets are vital for the railroad's operation and classify the remaining assets separately. This comprehensive report is due to the Legislative Budget and Audit Committee by August 1, 2024.

Importantly, the Legislative Budget and Audit Committee has the authority to recommend changes to the governor's asset identification and classification. This likely provides an additional layer of oversight and scrutiny to the asset identification process in preparation for the railroad's sale.

Section 4. Establishes that the Act will take place immediately.