

HOUSE BILL NO. 332

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES SUMNER, McCabe

Introduced: 2/20/24

Referred: Transportation, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the sale of the Alaska Railroad; and providing for an effective date."**

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

3 * **Section 1.** The uncoded law of the State of Alaska is amended by adding a new section
4 to read:

5 SALE OF THE ALASKA RAILROAD. (a) The governor shall issue, on or before
6 June 15, 2024, a request for proposals to purchase the Alaska Railroad and all other assets of
7 the Alaska Railroad Corporation that are necessary or convenient for the operation of the
8 railroad.

9 (b) On or before February 15, 2025, the governor shall enter into an agreement to sell
10 the Alaska Railroad to the most responsive offeror that agrees to

11 (1) continue operation of the railroad for a minimum of 50 years following the
12 date of sale of the railroad;

13 (2) accept assignment of all contracts, including collective bargaining
14 agreements and retirement obligations and agreements with connecting carriers, shippers, or
15 other persons concerning services, operation, property, and facilities of the Alaska Railroad

1 Corporation, entered into by the Alaska Railroad Corporation and in effect on the date of the
2 sale of the railroad, provided that the contracts are assignable under terms of the contract or
3 that the other parties to the contract consent to the assignment; and

4 (3) purchase the railroad for an amount that exceeds either the fair market
5 value of the railroad and the assets of the Alaska Railroad Corporation that are necessary or
6 convenient for the operation of the railroad or the amount that the state has expended to
7 obtain, maintain, and subsidize the railroad and the Alaska Railroad Corporation.

8 (c) An agreement to sell the Alaska Railroad under this Act is subject to approval by
9 the legislature. Upon entering into an agreement to sell the railroad, the governor shall
10 immediately submit the agreement to the legislature for review during a regular session of the
11 legislature. The legislature may disapprove the agreement by law. If the agreement is not
12 disapproved by the legislature before the adjournment of the regular session during which the
13 agreement is submitted, the agreement is approved. An agreement to sell the railroad that has
14 been disapproved by the legislature or that has not been submitted to the legislature for review
15 under this subsection is void.

16 (d) The Alaska Railroad Corporation may not enter into a contract or other agreement
17 that has the effect or purpose of substantially diminishing the value or marketability of the
18 Alaska Railroad.

19 (e) Notwithstanding other provisions of this Act, the state shall retain an easement for
20 transportation, communication, and transmission purposes on all land within the right-of-way
21 of the Alaska Railroad received by the state under the Alaska Railroad Transfer Act of 1982
22 (P.L. 97-468, Title VI; 96 Stat. 2556). Right-of-way fees for land subject to this subsection
23 shall be paid to the state.

24 (f) The governor shall contract for preparation of a report on the fair market value of
25 the Alaska Railroad and all other assets of the Alaska Railroad Corporation that are necessary
26 or convenient for the operation of the railroad by a qualified railroad appraiser. The governor
27 shall submit the results of the appraisal to the legislature by the 10th day of the First Regular
28 Session of the Thirty-Fourth Alaska State Legislature. A contract for the appraisal under this
29 subsection is exempt from AS 36.30 (State Procurement Code).

30 (g) The governor shall report to the legislature by the 10th day of the First Regular
31 Session of the Thirty-Fourth Alaska State Legislature regarding the procedures established for

1 and the progress made toward the sale of the Alaska Railroad as required by this Act.

2 (h) Upon the completion of the sale of the Alaska Railroad, the governor shall
3 dissolve the Alaska Railroad Corporation. Real property of the Alaska Railroad Corporation
4 that is identified as not necessary or convenient for the operation of the railroad under sec. 3
5 of this Act shall be transferred to and managed by the Department of Natural Resources upon
6 dissolution of the Alaska Railroad Corporation.

7 (i) The governor shall adopt regulations under AS 44.62 (Administrative Procedure
8 Act) to implement this Act.

9 (j) The sale of the railroad under this Act is not subject to AS 36.30 (State
10 Procurement Code) or AS 42.40 (Alaska Railroad Corporation Act).

11 (k) The sale of the railroad under this Act shall be contingent on execution of a
12 resource development agreement under sec. 2 of this Act.

13 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 **EXPANSION OF THE ALASKA RAILROAD AND RESOURCE DEVELOPMENT**
16 **AGREEMENT.** (a) In conjunction with the sale of the Alaska Railroad under this Act, the
17 legislature recognizes the critical role of the railroad in facilitating resource development
18 within the state's boundaries, in accordance with the principles set out in Article VIII of the
19 Alaska Constitution.

20 (b) The buyer of the Alaska Railroad under sec. 1(b) of this Act shall enter into a
21 resource development agreement with the state within 180 days after the effective date of the
22 sale. The resource development agreement must outline the buyer's commitment to actively
23 supporting and investing in the growth and expansion of the railroad to better serve resource
24 development needs in the state.

25 (c) The resource development agreement must include

26 (1) an agreement by the state to allocate a portion of the sale proceeds, as
27 negotiated in the sale agreement and subject to appropriation by the legislature, toward the
28 modernization, expansion, and maintenance of Alaska Railroad infrastructure, including the
29 construction of new railroad spurs and rail lines to access resource-rich areas of the state;

30 (2) the commitment for the buyer to work collaboratively with state agencies,
31 local communities, and relevant stakeholders to identify strategic locations for the

1 construction of new railroad spurs and infrastructure to facilitate resource extraction,
2 transportation, and processing;

3 (3) provisions for regular reporting by the buyer to the state and the legislature
4 regarding the implementation of the resource development agreement, including updates on
5 the construction of new railroad spurs and associated infrastructure; and

6 (4) a mechanism for resolving disputes between the buyer and the state related
7 to the resource development agreement.

8 (d) The resource development agreement is subject to approval by the legislature,
9 following the procedure set out in sec. 1(c) of this Act. If the agreement is not disapproved by
10 the legislature before the adjournment of the regular session during which the agreement is
11 submitted, the agreement is approved.

12 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
13 read:

14 IDENTIFICATION OF ALASKA RAILROAD CORPORATION ASSETS. (a) On or
15 before August 1, 2024, the governor shall identify all assets, real and personal and tangible
16 and intangible, of the Alaska Railroad Corporation and classify those assets as necessary or
17 convenient for the operation of the railroad or as other assets of the corporation. The governor
18 shall submit the report to the Legislative Budget and Audit Committee.

19 (b) The Legislative Budget and Audit Committee may recommend amendments to the
20 identification or classification of assets listed in the report.

21 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).