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*Alaska State Legislature*

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*President of the Senate*

## Sponsor Statement

### SB 218

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.”*

While Alaska Railroad Corporation (ARRC) must seek authority from the Legislature to issue bonds, under AS 42.40.690 the State of Alaska is not liable for the debts of ARRC. Senate Bill 218 would grant the ARRC the legislative authority, as required under AS 42.40.285, to issue bonds of no more than \$60 million to fund the construction of a new passenger terminal facility in Seward, Alaska.

The existing passenger terminal facility was constructed in 1966 and has experienced significant corrosion over its half-century lifespan. Associated integrity issues have resulted in an implementation of weight restrictions. While currently safe for restricted service, the dock is clearly nearing the end of its useful life. Eighty-two cruise ships are expected for the 2022 season, with more growth expected in future years. ARRC is working with an anchor tenant to ensure long-term fiscal stability for the use of the passenger terminal for future cruise ship operations. During the off-season, the terminal facility provides support and moorage space for freight, U.S. Coast Guard, and non-cruise passenger vessels.

Between ARRC revenues and an additional \$60 million bond offering, \$79 million will fund the cost of demolition and construction. The debt service on these bonds will be paid entirely from passenger terminal revenues without State of Alaska liability for the debts of ARRC.

In order to meet the 2024 need for the replacement passenger terminal facility, it is imperative that ARRC coordinate public debt funding by mid-2022.

I urge your support of this bill. Please contact my staff, Madison Govin, at 465-2828 for any additional information.