

CS FOR SENATE BILL NO. 42(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/2/97

Referred: Rules

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE LEGISLATIVE BUDGET AND
AUDIT COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act providing that the Alaska Railroad Corporation is subject to the
2 Executive Budget Act (AS 37.07) and providing that certain expenditures of the
3 Alaska Railroad Corporation are subject to appropriation; and providing for an
4 effective date."

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

6 * **Section 1.** Section 1(b), ch. 153, SLA 1984, is amended to read:

7 (b) It is the purpose of this Act to

8 (1) create a viable economic entity with the powers and duties
9 necessary to operate and manage the Alaska Railroad pending eventual transfer of the
10 railroad to the private sector for its ownership or operation or both consistent with
11 45 U.S.C. 1201 - 1214 (Alaska Railroad Transfer Act of 1982);

12 (2) provide for the level of transportation service that best satisfies the
13 needs of the people of the state consistent with the other findings and policies of this
14 section;

1 (3) create a public corporation with the powers, duties, and functions
 2 needed to operate the Alaska Railroad and manage its rail, industrial, port, and other
 3 properties in the best interest of the people of the state by ensuring that the corporation
 4 will

5 (A) be [EXCLUSIVELY] responsible for the management of
 6 the financial and legal obligations of the Alaska Railroad;

7 (B) operate the railroad as a common carrier subject to the
 8 jurisdiction of the United States Interstate Commerce Commission consistent
 9 with 45 U.S.C. 1207;

10 (C) have the ability to raise capital by issuing bonds upon
 11 approval of the legislature exempt from federal and state taxation and applying
 12 for federal money to which the state may be entitled or that may be available;

13 (D) carry out its responsibilities on a self-sustaining basis;

14 (E) provide the best possible combination of types and levels
 15 of safe, efficient, and economical transportation to meet the overall needs of
 16 the state, supported when necessary by state investment;

17 (F) provide for the prudent operation of the railroad according
 18 to sound business management practices; [AND]

19 (G) preserve the integrity of the railroad utility corridor for
 20 transportation, communication, and transmission purposes; **and**

21 **(H) be subject to AS 37.07 (Executive Budget Act) and be**
 22 **responsible for the operating and capital expenditures of the corporation**
 23 **in accordance with appropriations made by the legislature;**

24 (4) ensure that borrowing by the corporation does not directly or
 25 indirectly endanger the state's own borrowing capacity.

26 * **Sec. 2.** AS 37.07.120(1) is amended to read:

27 (1) "agency" means a department, officer, institution, board,
 28 commission, bureau, division, or other administrative unit forming the state
 29 government and includes the **Alaska Railroad Corporation**, Alaska Pioneers' Home,
 30 and the University of Alaska, but does not include the legislature or the judiciary;

31 * **Sec. 3.** AS 42.40.100 is amended to read:

1 **Sec. 42.40.100. Management by the board.** The board is responsible for the
 2 management of the corporation but shall delegate certain powers and duties to the chief
 3 executive officer in accordance with AS 42.40.120. In managing the corporation, the
 4 board shall

5 (1) be responsible for the management of the financial and legal
 6 obligations of the Alaska Railroad;

7 (2) operate the Alaska Railroad as a common carrier subject to the
 8 jurisdiction of the United States Interstate Commerce Commission consistent with 45
 9 U.S.C. 1207;

10 (3) generally manage the corporation on a self-sustaining basis;

11 (4) **in accordance with AS 37.07,** apply to the legislature for an
 12 appropriation with the concurrence of the governor to be used to

13 **(A) fund the operating and capital expenditures of the**
 14 **corporation; and**

15 **(B) when necessary,** provide a particular service that is not
 16 otherwise self-sustaining if a subsidy is required to maintain that service;

17 (5) provide for safe, efficient, and economical transportation to meet
 18 the overall needs of the state;

19 (6) raise needed capital by issuing bonds of the corporation upon
 20 approval by the legislature while ensuring that borrowing by the corporation does not
 21 directly or indirectly endanger the state's own borrowing capacity;

22 (7) review all state and other land disposal proposals to aid in planning
 23 for future development or expansion of transportation services;

24 (8) ensure that the procurement procedures of the corporation meet
 25 accepted railroad industry standards;

26 (9) ensure that the accounting procedures of the corporation meet
 27 generally accepted accounting principles consistent with industry standards for
 28 comparable railroads.

29 * **Sec. 4.** AS 42.40.540 is amended to read:

30 **Sec. 42.40.540. Appropriations.** The corporation **shall** [MAY] request, **in**
 31 **accordance** with **AS 37.07, appropriations** [THE CONCURRENCE OF THE

1 GOVERNOR, A DIRECT APPROPRIATION OR GRANT] from the legislature to
2 carry [ASSIST IN CARRYING] out the provisions of this chapter.

3 * **Sec. 5.** AS 42.40.920(b) is amended to read:

4 (b) Unless specifically provided otherwise in this chapter, the following laws
5 do not apply to the operations of the corporation:

6 (1) AS 19;

7 (2) AS 30.15;

8 (3) AS 35;

9 (4) AS 36.30, except as specifically provided in that chapter;

10 (5) AS 37.05;

11 (6) AS 37.07, **but only for expenditures to satisfy debt service of the**

12 **corporation;**

13 (7) AS 37.10.010 - 37.10.060;

14 (8) AS 37.10.085;

15 (9) AS 37.20;

16 (10) [AS 37.25;

17 (11)] AS 38;

18 **(11)** [(12)] AS 44.62.010 - 44.62.320.

19 * **Sec. 6.** PREPARATION OF FIRST ANNUAL BUDGET UNDER AS 37.07. The
20 Alaska Railroad Corporation shall prepare its first agency program and financial plan under
21 AS 37.07 for consideration by the governor in the development of the governor's
22 recommended operating and capital improvements programs and financial plans that are
23 submitted to the legislature at the next regular session of the legislature that convenes
24 following the effective date of this Act.

25 * **Sec. 7.** This Act takes effect immediately under AS 01.10.070(c).