

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: CSSB 395(FIN)  
 (S) Publish Date: 5/5/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCED  
 Title Municipal Land Use Regulation RDU Alaska Railroad Corporation  
 Component \_\_\_\_\_  
 Sponsor Senate Rules  
 Requester Senate Finance Component No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

<b>OPERATING EXPENDITURES</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures		500,000.0				
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>500,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Revenue Bond Proceeds		500,000.0				
<b>TOTAL</b>	<b>0.0</b>	<b>500,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The Alaska Railroad Corporation (ARRC) is a public corporation supported by revenues generated through its freight, passenger and real estate services. ARRC does not receive state subsidies for operations or capital improvements.

While SB 395 will not create a current fiscal impact for the State, failure to pass the bill could subject the Alaska Railroad to costly legal challenges with regard to protection of its operations and interstate commerce. It could also subject the Railroad to unreasonable delays and add (continued on next page)

Prepared by: Wendy Lindskoog, Director of External Affairs Phone (907) 265-2498  
 Division: Alaska Railroad Corporation Date/Time 5/3/05 9:51 AM  
 Approved by: Edgar Blatchford, Commissioner Date 5/4/2004  
 Agency: Department of Community & Economic Development

**FISCAL NOTE #2**

**STATE OF ALASKA  
2004 LEGISLATIVE SESSION**

**BILL NO. CSSB 395(FIN)**

**ANALYSIS CONTINUATION**

significant cost to efforts to improve the transportation infrastructure of the State through upgrades of existing track and facilities and expand in new directions including to Ft. Greely or to Canada.  
continued.

The recent planning and zoning litigation involving the Eklutna Quarry has resulted in over \$63.0 of legal fees to date. In addition, compliance with the various local planning, zoning and land use laws would increase project costs, sometimes substantially. Construction of the Railroad's new Anchorage Operations Center, a new building in the middle of ARRC's Anchorage Yard, has been delayed due to local planning and zoning review now required by the recent Supreme Court case. As a result of the delay, this project's cost has now increased by an estimated \$100.0 and possibly more, if accelerated construction is necessary before winter.

In addition to clarifying legislative language with regard to local planning and zoning regulation, SB 395 authorizes the Railroad to issue up to \$500 million in revenue bonds to finance the acquisition, construction, improvement, maintenance, equipping, and operation of a rail line and related facilities from its existing railroad corridor to Ft. Greely, Alaska.

The costs of issuing the bonds will be paid with bond proceeds at closing. Anticipated professional services include those related to financial advisors, attorney's fees (bond counsel, underwriter's counsel, tax counsel, negotiating with prospective customers), rating agencies, underwriters, printing, travel, public notices, and the feasibility consultant. ARRC will front certain minor necessary reimbursable costs from corporation revenues.