

**ALASKA STATE LEGISLATURE  
SENATE RESOURCES STANDING COMMITTEE**

April 7, 2017

3:30 p.m.

**MEMBERS PRESENT**

Senator Cathy Giessel, Chair  
Senator John Coghill, Vice Chair  
Senator Natasha von Imhof  
Senator Bert Stedman  
Senator Shelley Hughes  
Senator Kevin Meyer  
Senator Bill Wielechowski

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 65

"An Act establishing the Jonesville Public Use Area."

- MOVED CSSB 65(RES) OUT OF COMMITTEE

SENATE BILL NO. 28

"An Act relating to the general grant land entitlement for the Petersburg Borough; and providing for an effective date."

- MOVED SB 28 OUT OF COMMITTEE

SENATE BILL NO. 89

"An Act relating to management of enhanced stocks of shellfish; authorizing certain nonprofit organizations to engage in shellfish enhancement projects; relating to application fees for salmon hatchery permits; and providing for an effective date."

- MOVED SB 89 OUT OF COMMITTEE

SENATE BILL NO. 86

"An Act relating to the sale or other disposal, leasing, or encumbrance of Alaska Railroad Corporation land; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 65

SHORT TITLE: JONESVILLE PUBLIC USE AREA

SPONSOR(s): SENATOR(s) DUNLEAVY

02/22/17 (S) READ THE FIRST TIME - REFERRALS  
02/22/17 (S) RES, FIN  
04/03/17 (S) RES AT 3:30 PM BUTROVICH 205  
04/03/17 (S) Heard & Held  
04/03/17 (S) MINUTE(RES)  
04/05/17 (S) RES AT 3:30 PM BUTROVICH 205  
04/05/17 (S) <Bill Hearing Canceled>  
04/07/17 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SB 28

SHORT TITLE: MUNICIPAL LAND SELECTIONS: PETERSBURG

SPONSOR(s): SENATOR(s) STEDMAN

01/20/17 (S) READ THE FIRST TIME - REFERRALS  
01/20/17 (S) CRA  
02/02/17 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)  
02/02/17 (S) Heard & Held  
02/02/17 (S) MINUTE(CRA)  
02/07/17 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)  
02/07/17 (S) Moved SB 28 Out of Committee  
02/07/17 (S) MINUTE(CRA)  
02/08/17 (S) CRA RPT 3DP 1NR  
02/08/17 (S) DP: BISHOP, GARDNER, STEDMAN  
02/08/17 (S) NR: MACKINNON  
03/20/17 (S) RES REFERRAL ADDED AFTER CRA  
04/05/17 (S) RES AT 3:30 PM BUTROVICH 205  
04/05/17 (S) Heard & Held  
04/05/17 (S) MINUTE(RES)  
04/07/17 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SB 89

SHORT TITLE: SHELLFISH ENHANCE. PROJECTS; HATCHERIES

SPONSOR(s): SENATOR(s) STEVENS

03/10/17 (S) READ THE FIRST TIME - REFERRALS  
03/10/17 (S) RES, FIN  
04/05/17 (S) RES AT 3:30 PM BUTROVICH 205  
04/05/17 (S) Heard & Held  
04/05/17 (S) MINUTE(RES)

04/07/17 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SB 86

SHORT TITLE: ALASKA RAILROAD CORPORATION LAND

SPONSOR(s): SENATOR(s) COGHILL

03/10/17 (S) READ THE FIRST TIME - REFERRALS

03/10/17 (S) RES, FIN

04/07/17 (S) RES AT 3:30 PM BUTROVICH 205

**WITNESS REGISTER**

AKIS GIALOPSOS, staff to Senator Giessel and the Senate Resources Committee  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Explained the changes in version R of SB 65.

FORREST BOWERS, Deputy Director  
Division of Commercial Fisheries  
Alaska Department of Fish and Game (ADF&G)  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions on SB 89.

TIM LAMKIN, staff to Senator Stevens  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Commented on SB 89 for the sponsor.

RYNNIEVA MOSS, staff to Senator Coghill  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Commented on SB 86 for the sponsor.

JON COOK, Chairman of the Board  
Alaska Railroad Corporation (ARRC)  
Fairbanks, Alaska

**POSITION STATEMENT:** Supported SB 86.

BILL O'LEARY, President & CEO  
Alaska Railroad Corporation (ARRC)  
Anchorage, Alaska

**POSITION STATEMENT:** Offered to answer questions on SB 86.

JIM KUBITZ, Vice President  
Real Estate and Facilities  
Alaska Railroad Corporation (ARRC)

Anchorage, Alaska

**POSITION STATEMENT:** Offered to answer questions on SB 86.

BRUCE BUSTAMANTE, President  
Anchorage Chamber of Commerce  
Anchorage, Alaska

**POSITION STATEMENT:** Supported SB 86.

DAVE HANSON, representing himself  
Anchorage, Alaska

**POSITION STATEMENT:** Supported the concept of SB 86.

#### **ACTION NARRATIVE**

[3:30:16 PM](#)

**CHAIR CATHY GIESSEL** called the Senate Resources Standing Committee meeting to order at 3:30 p.m. Present at the call to order were Senators Stedman, Coghill, Hughes, Wielechowski, and Chair Giessel.

#### **SB 65-JONESVILLE PUBLIC USE AREA**

[3:30:32 PM](#)

**CHAIR GIESSEL** announced consideration of SB 65 saying that changes to meet the intent of the legislation were requested by Senator Coghill, the Department of Natural Resources, Department of Transportation and Public Facilities, and the Court System.

[3:30:53 PM](#)

**SENATOR MEYER** joined the committee.

[3:31:10 PM](#)

**SENATOR COGHILL** moved to adopt CS SB 65, version 30-LS0387\R, as the working document.

**CHAIR GIESSEL** objected for an explanation of the changes and invited her staff to present those.

**AKIS GIALOPSOS**, staff to Senator Giessel and the Senate Resources Committee, Alaska State Legislature, Juneau, Alaska, explained the changes in CSSB 65\R, corrected explanation of changes from version \J.

He noted that Mr. Cox from the Department of Natural Resources (DNR) and Mrs. Fair, Statewide Right-of-Way Chief, Department of

Transportation and Public Facilities (DOTPF) were available to answer questions.

The changes are:

[3:32:39 PM](#)

1. Page 1, Lines 10-12: Simplifies and clarifies language stating protecting fish and wildlife habitat will ensure the continued recreational use of the proposed area.

2. Page 2, Line 10: Adds the words "to the extent workload permits" to protect the state against any potential action regarding timely creation and implementation of a management plan, particularly since no funding was attached to this legislation.

3. Page 2: Removes language in previous version (Page 2, Lines 15-16) preventing the Department of Natural Resources from selling surface estate within the proposed use area.

4. Page 2: Removes language from previous version (Page 2, Lines 23-25) requiring the Department of Natural Resources to identify wetlands within the proposed use area.

[3:33:25 PM](#)

5. Page 2, Line 20-24: Clarifies language stating that the state cannot exercise eminent domain to add private land for placement into the proposed use area. It also specifically clarifies that any privately-owned parcels within the proposed area are protected from eminent domain for inclusion. (DOTPF concerns)

[3:33:44 PM](#)

6. Page 6, Lines 8-18: Restructures Section 2. to conform to the current process for adoption of a bail schedule. Removes language from the previous version that unintentionally would have placed the Alaska Supreme Court out of compliance with the adoption of a bail schedule. (Court System and DNR concerns)

CHAIR GIESSEL thanked him, removed her objection, and announced that version R was adopted.

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SENATOR COGHILL moved to report CSSB 65(RES), version \R, from committee with individual recommendations and attached fiscal note(s). There were no objections and it was so ordered.

[3:35:06 PM](#)

At ease from 3:35 to 3:36 p.m.

**SB 28-MUNICIPAL LAND SELECTIONS: PETERSBURG**

3:36:23 PM

CHAIR GIESSEL announced consideration of SB 28. Public testimony was concluded and closed in last meeting. She asked the sponsor for closing remarks.

SENATOR STEDMAN said it's nice that communities around the state are continuing to "boroughize," as they pursue this constitutional mandate and he looks forward to action on this bill.

SENATOR COGHILL moved to report SB 28, version 30-LS0056\D, from committee with individual recommendations and attached fiscal note(s). There were no objections and it was so ordered.

3:38:04 PM

At ease 3:38 to 3:39 p.m.

**SB 89-SHELLFISH ENHANCE. PROJECTS; HATCHERIES**

3:39:41 PM

CHAIR GIESSEL announced consideration of SB 89, noting it was a bill that had significant work last year. Public testimony was opened and closed on April 5. She asked the committee for discussion or questions.

SENATOR WIELECHOWSKI asked the Alaska Department of Fish and Game (ADF&G) how cost recovery would work for salmon and how it would work for shellfish, because the two are so different.

FORREST BOWERS, Deputy Director, Division of Commercial Fisheries, Alaska Department of Fish and Game (ADF&G), Juneau, Alaska, referring to SB 89, explained that the department uses two approaches for salmon cost recovery. The first is a cost recovery fishery whereby the hatchery operator contracts with one or more harvest vessels to harvest excess fish for broodstock needs, and those are sold to pay for hatchery operating costs.

The second approach happens in the case of a remote release site where salmon fry are reared away from a hatchery and return to this remote release site. A common property fishery occurs there, and anyone who harvests salmon in that designated area pays an assessment fee to fund those operations. Under both

approaches, those monies are collected by the State of Alaska and redistributed back to the hatchery operators.

MR. BOWERS said that because hatchery-produced shellfish don't come home to a natal area to reproduce they will mix with natural stock, therefore, it's most likely that the assessment fee approach would be used for cost recovery.

[3:43:15 PM](#)

SENATOR WIELECHOWSKI asked how far shellfish typically migrate and how special and terminal harvest areas are defined for shellfish.

[3:43:39 PM](#)

SENATOR VON IMHOF joined the committee.

MR. BOWERS replied that some shellfish don't migrate at all, like clams and scallops. Crabs walk around, but require specific habitat to be successful. So, their fishery management areas have been designed around stock boundaries that are a known range of distinct stocks. In the case of Pribilof blue king crab, a species of interest in this bill, the Board of Fisheries has defined a registration area and that would most likely be the assessment area.

SENATOR WIELECHOWSKI asked if he expected some of the wild stock would get caught and if the money would be given back to the hatchery when they are caught. Is there some sort of genetic testing?

[3:45:23 PM](#)

MR. BOWERS said that is a good question. In some cases, the hatchery-produced shellfish would be mixed with naturally-produced animals. There is no way to mark them, and the cost recovery fee would accrue from all the catch in the area.

SENATOR MEYER said it seemed like some money could be saved if notice of hearing was just done on-line instead of in a newspaper, language on page 3, line 3.

MR. BOWERS responded that is standard Alaska Administrative Procedures Act language.

[3:47:33 PM](#)

SENATOR MEYER asked if "reasonable period" on page 4, line 9, is defined.

MR. BOWERS replied not in this bill. It would likely be laid out in the implementing regulations.

SENATOR WIELECHOWSKI asked if this would impact harvest quotas.

MR. BOWERS answered that it could increase them if successful, and that is the intent.

SENATOR WIELECHOWSKI asked if there is any scientific opposition to this bill within ADF&G.

MR. BOWERS answered that he hasn't seen any opposition expressed by staff or the leadership team.

[3:49:17 PM](#)

SENATOR WIELECHOWSKI said a concern was raised about the ability to stop permits that were already issued.

MR. BOWERS replied that language was in section 3 on page 4, line 8, a provision about alterations, suspension, or revocation of a permit.

CHAIR GIESSEL thanked him for his expert answers.

[3:50:33 PM](#)

TIM LAMKIN, staff to Senator Stevens, Alaska State Legislature, Juneau, Alaska, expressed the sponsor's gratitude for hearing SB 89 that will improve and diversify Alaska's fisheries portfolio.

[3:51:04 PM](#)

SENATOR MEYER said this may seem minor, but "in the discretion of the commissioner" on page 4, line 11, should be "at the discretion of the commissioner."

CHAIR GIESSEL said that Senate Finance Committee could take it up, because that is where the bill goes next. Also, publishing in the newspaper is template language that is currently part of state law. Changing it was attempted about three years ago, but it didn't pass.

SENATOR COGHILL moved to report SB 89, version 30-LS0691\A, from committee with individual recommendations and attached fiscal note(s). There were no objections and it was so ordered.

[3:52:30 PM](#)

At ease from 3:52 to 3:54 p.m.

**SB 86-ALASKA RAILROAD CORPORATION LAND**

[3:54:22 PM](#)

CHAIR GIESSEL announced consideration of SB 86, sponsored by Senator Coghill. She said it grants flexibility to the Alaska Railroad Corporation (ARRC) to make longer-term lease and land sales without legislative approval.

SENATOR COGHILL, sponsor of SB 86, explained that ARRC has the authority to lease land, but not to sell it without legislative approval. His district has a lot of sub-divisible and business land that won't be leased because of the equity issue, and this measure would give the ARRC some much needed revenue that it wouldn't otherwise get. He said the ARRC has had land management issues and those would probably continue, but they brought this solution to him and he is willing to entertain it.

[3:55:53 PM](#)

RYNNIEVA MOSS, staff to Senator Coghill, Alaska State Legislature, Juneau, Alaska, further explained that SB 86 repeals the current requirements for the legislature to approve land sales by the ARRC and land leases that are over 95 years in length. This bill would enable the railroad to sell land on which development wouldn't occur with a land lease, such as residential land.

She said the ARRC board chairman, Jon Cook, was on-line to provide some of the logic behind introduction of this bill and the fact that at least two areas are interested in purchasing ARRC land for residential subdivisions.

MS. MOSS said the ARRC feels that this bill will allow them to monetize non-performing land assets, generate cash flow to respond to opportunities in the real estate market, and enhance their overall real estate portfolio allowing it to comply with state law that requires them to be self-sufficient.

She noted four letters of support, Eklutna, Inc., being one, that said their corporation has been involved in real estate development in Alaska for quite some time and they see great potential in this legislation for them to move quickly to take advantage as development opportunities arise. SB 86 will align the ARRC with other state entities they have worked with in the past, such as Department of Transportation and Public Facilities (DOTPF), to be able to sell land without legislative approval.

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MS. MOSS provided a sectional analysis for SB 86, explaining that the ARRC statutes are in AS 42.40. and SB 86 deletes each place where language requires legislative approval.

Section 1. Deletes from AS 42.40.120 (delegation of powers and duties to the chief executive officer) the requirement for legislative approval of land transactions affecting utility corridors, land leases, or land disposals if it is a land sale or a lease longer than 95 years.

Sec. 2. Deletes from AS 42.40.120(c) (transactions requiring board approval) the requirement for legislative approval.

Sec. 3. Deletes from AS 42.40.350(b) (authorization of use of a utility corridor) the requirement for legislative approval of such authorization.

Sec. 4. Deletes from AS 42.40.350(c) (granting easements on railroad land) the requirement for legislative approval.

Sec. 5. Deletes from AS 42.40.350(d) (lease or disposal of land at fair market value) the requirement for legislative approval.

Sec. 6. Deletes from AS 42.40.352 (sale of land not necessary for railroad purposes) language requiring the board to make findings that land is not necessary for railroad purposes and that the sale is in the best interest of the state; and it also deletes the requirement to provide notice to persons having leasehold interest in the land proposed to be sold and offered. It also deletes the provision that requires them to offer the leaseholders the right of first refusal. They feel it's very important to know that if land is sold to someone, the lease is held harmless. So, if they purchase the land and there is a lease active the Railroad must honor the lease.

This section also deletes language requiring legislative approval.

Sec. 7. Repeals AS 42.40.285, "Legislative approval required" so language is:

Unless the legislature approves the action by law, the corporation may not:

- (1) exchange, donate, sell, or otherwise convey its entire interest in land;
- (4) lease land for a period in excess of 95 years unless the corporation reserves the right to terminate the lease if the land is needed for ARRC purposes.

Sec 8. Provides for an immediate effective date.

[4:01:46 PM](#)

CHAIR GIESSEL opened invited testimony.

JON COOK, Chairman of the Board, Alaska Railroad Corporation (ARRC), Fairbanks, Alaska, supported SB 86. He said the reason they are doing this is that the state was given an endowment of land when it purchased the railroad. It was one of the most valuable assets that came along with the purchase. Its lease revenues predominantly come from Fairbanks, Anchorage, Whittier, Seward, and the Healy area and have sustained the corporation through trying times including now.

Very little land sales have been done through either federal or state ownership. Only three transfers have happened: two to Eklutna, Inc., and one to DOTPF. The fact that a private individual or developer would have to go through the process of getting a bill introduced, passed, and signed into law by the governor is an inherent deterrent.

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MR. COOK said the railroad leaves money on the table by only being able to lease land. He explained that some leased parcels could be used for single family homes, like Chena Landings in Fairbanks. It is a beautiful piece of river-front real estate right on the Chena River; utilities are in and it has a southern exposure. Those lots should have the most expensive homes in Fairbanks on them and yet that subdivision has sat vacant for 16 years, because the market just doesn't exist for leased land. ARRC also has remote and rural lands, like the Tri-Valley Subdivision, and those should be in the hands of the folks who

have lived there a long time. The Alaska Railroad doesn't need to be in the business of single family homes.

Lastly, Mr. Cook said, there are some "buckets" of land that are below-market leases including Ship Creek in Anchorage. Because the railroad is a political entity and charges "fair market value," there have been pressures to curb increases that have happened as the real estate market has dramatically improved in Anchorage. It ends up with leases that are less than half of fair market value, because of the lease caps. However, some of the same folks that lease that land are willing to buy it for fair market value, which would make sense for the railroad.

MR. COOK said the legislative approval process is terrifying to some people and off-putting to the development community. He said two things need to be taken out of the bill other than the legislative approval process. One is the right of first refusal, and this is because it is a severe impediment to being able to market a piece of property. For instance, someone wants to purchase some land and does several hundred thousand dollars of due diligence and gets all the way to the finish line, and is trumped by someone who says, "Thanks for doing all that work. I'm just going to exercise my right of first refusal."

It is also not the ARRC's position to sell land that is being leased by somebody else, he said, but if that did need to happen, the existing leaseholder would be protected by his lease.

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Lastly, requiring a formal best interest finding is repetitive. Either the deal makes sense and is at fair market value or not. It just adds in a layer and slows the railroad down in terms of being able to put deals together in a timely manner.

[4:09:57 PM](#)

SENATOR VON IMHOF said a letter from the Denali Borough states that some ARRC land is currently leased to the Usibelli Coal Mine for the development of a residential subdivision at the center of the Healy Community, and a letter from the Usibelli Coal Mine said they would be interested in exploring the purchase of the Tri-Valley Subdivision land. They are the current lessors and she asked if they would be denied first refusal under this bill.

MR. COOK replied that Usibelli Corporation is the lessor and the ARRC doesn't have a sublease. It's likely that Usibelli would

purchase that land and turn around and sell individual parcels to those who wish to purchase them. He assumed Usibelli would purchase the entire subdivision.

SENATOR VON IMHOF asked if Usibelli leases the entire parcel at this time.

MR. COOK answered yes.

SENATOR VON IMHOF asked if Usibelli could be provided an opportunity to make a bid on the land prior to ARRC marketing it to others.

MR. COOK responded that their intent is not to solicit third parties to purchase that land.

SENATOR VON IMHOF said, rather than removing the first right of refusal from the current leaseholders, she hoped this body would consider a way to structure the bill so there is at least an ability for the ARRC to notify the current leaseholders of the intent to sell and provide at least 60 days for those leaseholders to do their own due diligence and have an opportunity to put a down payment on the property.

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SENATOR STEDMAN asked why the ARRC doesn't come forward with tracts that it would like to sell off versus requesting a blanket authority for all its lands.

MR. COOK answered that they must have an offer in hand to bring to the legislature and people just haven't been interested. They have brought three deals to the legislature since 1983. He added that notification provisions for any lease or sale are currently so in section 6.

SENATOR STEDMAN responded that it's common for someone to express interest in a particular parcel to the landowner, and then the landowner considers the sale. It seems that he is saying they must have a viable offer in hand, and that is a less drastic change to existing law.

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MR. COOK replied he understands what he is saying, but for example, if the board wants to sell Chena Landing right now, legislation to obtain permission to sell that block of land would have to be introduced and passed and signed into law,

which might happen in one session or the second year. However, markets and opportunities don't wait that long.

SENATOR STEDMAN said sometimes the developer gets out ahead of the market. He said that this issue comes down to how much authority the legislature wants to give the ARRC on the sale of state-owned land.

SENATOR HUGHES asked if a nimbler process to respond had been proposed before and if not, why not. Has there been a trust factor problem?

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MR. COOK said that is an interesting question to which he would answer from being on the board since 2009: management and certain board members have a great deal of fear that there would be political pressure to dispose of income producing lands in "sweet-heart, below fair-market value deals." Their intent is not to sell the best income producing lands, but to have a complete tool kit to monetize the lands and get the maximum value from them, and having a lease-only policy has made that impossible.

MR. COOK said he has a background in commercial real estate development and a lot of Senator Hughes' constituents have asked to purchase some of these lands, both residential and commercial, but the board has evolved its understanding of the need for a "full tool kit" and as well as the need to be able to say "no."

SENATOR HUGHES remarked that Eklutna, Inc., has been "a wonderful community partner," and asked if this structure is in place to provide protection against "sweetheart deals" in future years.

MR. COOK answered yes. First, there are public notice requirements as well as appraisal and fair market value requirements, and all land sale transactions must be reported to the legislature.

[4:23:33 PM](#)

SENATOR WIELECHOWSKI asked if he would support language prohibiting the sale of land unless it is at fair market value.

MR. COOK said he thought that language was already in there, but the appraisal process might not be the best way to get there. Competitive bid is another way to do that, and might be better

for rural lands than "fair market value" language. Having the flexibility to do both is important.

SENATOR WIELECHOWSKI asked the total amount and value of the land that ARRC owns.

MR. COOK answered about 36,000 acres of land and some of that is in reserves. The value is impossible to say; it depends on what they would be used for: highest and best use. A fair market value appraisal is required in section 5, and for the ARRC that means a Member of the Appraisal Institute (MAI) appraisal or competitive bid.

SENATOR WIELECHOWSKI asked if he would support capping at a certain value without having to go to the legislature.

MR. COOK answered no, because one never knows what kind of deal is going to walk through the door. Curbs are the reason there haven't been more sales; they have a diverse real estate portfolio and are reluctant to do that.

SENATOR WIELECHOWSKI said it's got to be hundreds of millions of dollars in value, and he has trouble with the legislature completely giving up control of its disposal.

MR. COOK answered that other entities don't have to come to the legislature to dispose of land. The ARCC has a board and fiduciary obligations and public notice requirements. Right now, there is nothing to prevent DOTPF or DNR from doing that. Why is the Railroad different?

[4:28:51 PM](#)

SENATOR WIELECHOWSKI asked if anything would prohibit the ARRC from selling the terminal in Seward or some large asset to a cruise ship company, or sell the entire railroad to a private corporation, for that matter.

MR. COOK answered the ARRC can't sell land that is used for operations like track or terminals.

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SENATOR VON IMHOF asked if any parcels of land have been identified that have railroad tracks running through them.

MR. COOK answered no.

SENATOR VON IMHOF said at some point in the future, assuming this land sale gains momentum, the railroad might want to sell tracts of land that the tracks run through.

MR. COOK answered that tracks have a 100-foot right-of-way where land could never be sold.

SENATOR VON IMHOF said another bill traveling through the legislature is about right-of-way and permit user fees, and asked if this bill passes, will the railroad want to address potential user fees for the new owner.

MR. COOK replied that a user fee wouldn't be part of a sale document. Any land subject to user fees would be found in the title search.

[4:32:09 PM](#)

SENATOR VON IMHOF said another specific bill addresses right-of-way user fees with some of her district's private landowners and she wanted to know how the railroad's practice may affect future land sales with future landowners.

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MR. COOK replied that the right-of-way itself and any areas that are potentially under dispute will never be sold, but if an adjacent landowner has some sort of permitting rights for a garden or something else, those rights will be assignable by the individual when the owner sells the land. The ARRC has rights-of-way and easements, which will never be sold, so the two are not related to this legislation.

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MS. MOSS said she spoke with Representative Kopp yesterday, the sponsor of the other legislation Senator von Imhof referenced, who said he has in agreement with the ARRC and supports this bill.

SENATOR STEDMAN remarked why does the state own the railroad and why doesn't it sell it?

[4:35:43 PM](#)

BILL O'LEARY, President & CEO, Alaska Railroad Corporation (ARRC), Anchorage, Alaska, said he was available for questions on SB 86 and that the chairman had done a good job of explaining the bill.

[4:36:33 PM](#)

JIM KUBITZ, Vice President, Real Estate and Facilities, Alaska Railroad Corporation (ARRC), Anchorage, Alaska, said he was available for questions on SB 86, and he also said the chairman had done a good job of explaining the bill.

BRUCE BUSTAMANTE, President, Anchorage Chamber of Commerce, Anchorage, Alaska, supported SB 86 to encourage more real estate development in the Anchorage Bowl. He said they had provided recommendations to the municipality and have found a shortage of useful land, particularly land zoned for industrial use. He agreed that one must move quickly on some real estate deals to be competitive. This bill provides an advantage for the Municipality of Anchorage in facilitating land swaps in a more expeditious manner.

[4:39:41 PM](#)

DAVE HANSON, representing himself, Anchorage, Alaska, supported the concept of SB 86. He had been involved in land management and natural resource development for the last 40 years and had worked with many rural areas on subdivision development and is sympathetic to some things he is hearing. He worked with Representative Talerico when he was mayor on several projects up in the Healy area.

He said the ARRC is in the position of a Native allottee who can't do anything without the Bureau of Indian Affairs giving them approval. The railroad is a semi-autonomous body and not really a part of the administration directly under the governor. Also, it's very clear that if land is sold to a developer the buyer must have full title, so they can finance their development. Many villages have had that problem with doing long-term leases.

[4:41:40 PM](#)

MR. HANSON had two concerns; one being the first right of refusal. It's one thing for a current board to say this is the intent to honor that, but it's another thing over time to have no assurance that will be the case as personnel and circumstances change. He supported some kind of first refusal right for the existing lessee with a limited time period, so the lessee doesn't hold things up forever.

Secondly, he is hearing a lot of concern from the committee, and rather than going forward with this bill, they might want to try it out by applying it to a couple of parcels first - Chena Landing and Tri-Valley land, maybe - before applying it to the whole 36,000 acres to observe how it would really work.

SENATOR COGHILL noted those were good suggestions and he would do his best to find some answers and a pathway forward.

CHAIR GIESSEL said she would leave public testimony open and held SB 86 in committee.

[4:45:27 PM](#)

CHAIR GIESSEL adjourned the Senate Resources Standing Committee meeting at 4:45 p.m.