

ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE

April 23, 2019

1:04 p.m.

MEMBERS PRESENT

Representative Louise Stutes, Co-Chair
Representative Adam Wool, Co-Chair
Representative Matt Claman
Representative Harriet Drummond
Representative Andi Story
Representative Dave Talerico
Representative Sara Rasmussen

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 14

Urging the Alaska Congressional delegation to pursue infrastructure funding for a deep draft Arctic port in Nome; requesting the Department of Transportation and Public Facilities to send a letter from the state to the Alaska Congressional delegation supporting a deep draft Arctic port in Nome; and requesting the Department of Transportation and Public Facilities to work collaboratively with the City of Nome on a deep draft Arctic port in Nome.

- MOVED HJR 14 OUT OF COMMITTEE

SENATE BILL NO. 54

"An Act approving the transfer of certain Alaska Railroad Corporation land; and providing for an effective date."

- MOVED SB 54 OUT OF COMMITTEE

CS FOR SENATE JOINT RESOLUTION NO. 11(TRA)

Urging the United States to issue a Presidential permit authorizing a railroad crossing of the Alaska-Canada border from state land into Yukon, Canada; and supporting cooperation between the United States and Canada to establish a public-private partnership for construction of a railroad from Alberta, Canada, to the state that would connect the Alaska Railroad to the North American railroad system.

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HJR 14

SHORT TITLE: URGING SUPPORT FOR NOME DEEP-DRAFT PORT

SPONSOR(s): REPRESENTATIVE(s) FOSTER

03/25/19 (H) READ THE FIRST TIME - REFERRALS
03/25/19 (H) TRA
04/18/19 (H) TRA AT 1:00 PM BARNES 124
04/18/19 (H) Heard & Held
04/18/19 (H) MINUTE(TRA)
04/23/19 (H) TRA AT 1:00 PM BARNES 124

BILL: SB 54

SHORT TITLE: ALASKA RAILROAD CORP. LAND TRANSFERS

SPONSOR(s): SENATOR(s) COGHILL

02/13/19 (S) READ THE FIRST TIME - REFERRALS
02/13/19 (S) TRA, FIN
03/12/19 (S) TRA AT 1:30 PM BUTROVICH 205
03/12/19 (S) Heard & Held
03/12/19 (S) MINUTE(TRA)
03/14/19 (S) TRA AT 1:30 PM BUTROVICH 205
03/14/19 (S) Moved SB 54 Out of Committee
03/14/19 (S) MINUTE(TRA)
03/15/19 (S) TRA RPT 4DP
03/15/19 (S) DP: HUGHES, WILSON, SHOWER, KIEHL
03/20/19 (S) FIN AT 9:00 AM SENATE FINANCE 532
03/20/19 (S) Heard & Held
03/20/19 (S) MINUTE(FIN)
03/28/19 (S) FIN AT 9:00 AM SENATE FINANCE 532
03/28/19 (S) Moved SB 54 Out of Committee
03/28/19 (S) MINUTE(FIN)
03/29/19 (S) FIN RPT 4DP 5NR
03/29/19 (S) DP: VON IMHOF, MICCICHE, HOFFMAN,
BISHOP
03/29/19 (S) NR: STEDMAN, SHOWER, WIELECHOWSKI,
OLSON, WILSON
04/05/19 (S) TRANSMITTED TO (H)
04/05/19 (S) VERSION: SB 54
04/08/19 (H) READ THE FIRST TIME - REFERRALS
04/08/19 (H) TRA
04/18/19 (H) TRA AT 1:00 PM BARNES 124
04/18/19 (H) Heard & Held

04/18/19 (H) MINUTE (TRA)
04/23/19 (H) TRA AT 1:00 PM BARNES 124

BILL: SJR 11

SHORT TITLE: U.S.-CANADA RAILROAD PRESIDENTIAL PERMIT
SPONSOR(s): TRANSPORTATION

04/05/19 (S) READ THE FIRST TIME - REFERRALS
04/05/19 (S) TRA
04/09/19 (S) TRA AT 1:30 PM BUTROVICH 205
04/09/19 (S) Moved CSSJR 11 (TRA) Out of Committee
04/09/19 (S) MINUTE (TRA)
04/10/19 (S) TRA RPT CS 3DP 1NR NEW TITLE
04/10/19 (S) DP: HUGHES, SHOWER, KIEHL
04/10/19 (S) NR: WILSON
04/15/19 (S) TRANSMITTED TO (H)
04/15/19 (S) VERSION: CSSJR 11 (TRA)
04/16/19 (H) READ THE FIRST TIME - REFERRALS
04/16/19 (H) TRA
04/23/19 (H) TRA AT 1:00 PM BARNES 124

WITNESS REGISTER

REPRESENTATIVE NEAL FOSTER
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, relayed the three priorities of HJR 14.

RAY WARD
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HJR 14.

DOUG WALRATH, Director
Northwestern Alaska Career & Technical Center
Nome, Alaska

POSITION STATEMENT: Testified in support of HJR 14.

JOY BAKER, Port Director
City of Nome
Nome, Alaska

POSITION STATEMENT: Responded to an issue raised during the hearing on HJR 14.

SENATOR JOHN COGHILL
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, spoke to the intent of SB 54 to fix a previous oversight.

RYNNIEVA MOSS, Staff
Senator John Coghill
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided information regarding SB 54 on behalf of Senator Coghill, prime sponsor.

JON COOK, Chair
Board of Directors
Alaska Railroad Corporation
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 54.

AIMEE BUSHNELL, Staff
Senator Shelley Hughes
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented CSSJR 11(TRA) on behalf of Senator Hughes, prime sponsor.

SENATOR SHELLEY HUGHES
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, provided information during the hearing on CSSJR 11(TRA).

TIM SULLIVAN, JR., Director of External Affairs
Alaska Railroad Corporation
Anchorage, Alaska

POSITION STATEMENT: Responded to a question during the hearing on CSSJR 11(TRA).

ACTION NARRATIVE

[1:04:32 PM](#)

CO-CHAIR ADAM WOOL called the House Transportation Standing Committee meeting to order at 1:04 p.m. Representatives Drummond, Claman, Story, Stutes, and Wool were present at the call to order. Representatives Talerico and Rasmussen arrived as the meeting was in progress.

HJR 14-URGING SUPPORT FOR NOME DEEP-DRAFT PORT

[1:05:04 PM](#)

CO-CHAIR WOOL announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 14, Urging the Alaska Congressional delegation to pursue infrastructure funding for a deep draft Arctic port in Nome; requesting the Department of Transportation and Public Facilities to send a letter from the state to the Alaska Congressional delegation supporting a deep draft Arctic port in Nome; and requesting the Department of Transportation and Public Facilities to work collaboratively with the City of Nome on a deep draft Arctic port in Nome.

[1:05:59 PM](#)

REPRESENTATIVE NEAL FOSTER, Alaska State Legislature, as prime sponsor, relayed the three priorities of HJR 14: to urge the congressional delegation to pursue infrastructure funding; to request the Department of Transportation & Public Facilities (DOT&PF) send a letter to the congressional delegation supporting a deep draft Arctic port in Nome; and to request DOT&PF to work collaboratively with the City of Nome to provide technical support.

[1:06:41 PM](#)

CO-CHAIR WOOL opened public testimony on HJR 14.

[1:07:07 PM](#)

RAY WARD relayed his personal connection to Alaska. He said the melting of the ice in the Northwest Passage has provided opportunity for an economic boon for the maritime industry. He opined that Alaska needs to invest not only in the Port of Nome, but in other Arctic coast regions of Alaska. He said Norway, Finland, Greenland, Russia, and Canada have already geared up for this maritime boon, and cruise liners have made many voyages to the Northwest Passage. He relayed that this passage cuts travel time in half when compared to passage from the Atlantic to the Pacific via the Panama Canal. Mr. Ward stated that Alaska's congressional delegation needs to lobby the U.S. Department of Defense (DoD) for the installation of a U.S. Naval or U.S. Coast Guard (USCG) headquarters in the Arctic region. He said currently Alaska's Arctic coastline is "wide open" to invasion from China, North Korea, and Russia. Mr. Ward mentioned fish migration caused by warming of waters, and he warned that without a military presence in the Arctic region, Alaska will be subject to violation of the [Magnuson-Stevens

Fishery Conservation and Management] Act, which designates a [U.S. exclusive economic zone up to] 200 miles [offshore] that applies to fishing by foreign vessels. He relayed the imperative nature of the development of and investment in the Arctic region. He further suggested the construction of a pipeline from the natural gas fields already developed to the Arctic coast, because it is transported by cargo tankers.

[1:13:17 PM](#)

DOUG WALRATH, Director, Northwestern Alaska Career & Technical Center, testified in support of HJR 14. He credited the previous testifier for covering points regarding military defense and economic competitiveness. He remarked that many people in the Lower 48 are probably not aware that the U.S. is an Arctic nation, and as a result, the country is "woefully unprepared" compared to other Arctic nations, which he said is surprising when considering the other accomplishments of the U.S. He said the voice of Alaska's congressional delegation is required to advocate for a deep draft Arctic port in Nome, Alaska, which he suggested is "really advocating on behalf of the U.S. as a whole."

[1:15:32 PM](#)

CO-CHAIR WOOL, after ascertaining that there was no one else who wished to testify, closed public testimony on HJR 14.

[1:15:38 PM](#)

The committee took an at-ease from 1:15 p.m. to 1:17 p.m.

[1:17:17 PM](#)

CO-CHAIR STUTES asked whether the issue presented in HJR 14 had been seen by the legislature before. She said she thinks it is "an interesting, exciting process."

[1:17:42 PM](#)

REPRESENTATIVE FOSTER responded, "This is the first time we have presented this resolution."

CO-CHAIR STUTES asserted that she has seen the information before, and she reiterated her enthusiasms for the subject.

REPRESENTATIVE FOSTER confirmed that the topic of Alaska's Arctic passageway has been presented over the years in various forms.

[1:18:29 PM](#)

REPRESENTATIVE RASMUSSEN inquired whether the bill sponsor would be amenable to an amendment to add the Port of Alaska, because it is in need of financial assistance.

REPRESENTATIVE FOSTER deferred the question to Joy Baker.

[1:19:31 PM](#)

JOY BAKER, Port Director, City of Nome, stated that HJR 14 is concerned with shipping in the Arctic and is not specifically a financial request. She said she thinks tying the Port of Nome to Anchorage would defeat the purpose of trying to develop maritime infrastructure in Arctic waters.

[1:20:27 PM](#)

CO-CHAIR WOOL echoed that the proposed joint resolution is not a request for funding and that it seems to be specifically for Nome. He remarked that the name, "Port of Alaska," was coined such but may not really be its proper name, and it could be confusing to have a Port of Alaska and a Port of Nome. He asked Representative Rasmussen if she wished to pursue an amendment.

[1:21:29 PM](#)

REPRESENTATIVE RASMUSSEN answered no.

[1:21:44 PM](#)

REPRESENTATIVE STORY stated that she's pleased to see HJR 14 shed light on the importance of an Arctic port "for development and for ... security reasons." She predicted the proposed joint resolution would be well received on the House floor.

[1:22:08 PM](#)

CO-CHAIR WOOL returned to the idea of a natural gas pipeline, which was brought up by a testifier. He suggested that the port being frozen much of the year might make it difficult to have reliable transport of natural gas.

[1:22:43 PM](#)

REPRESENTATIVE FOSTER said Co-Chair Wool is correct that the port is frozen for a portion of the winter, and although the port thawed unexpectedly early in 2019, ships cannot make it into port year round.

[1:23:30 PM](#)

CO-CHAIR STUTES moved to report HJR 14 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HJR 14, was reported out of the House Transportation Standing Committee.

SB 54-ALASKA RAILROAD CORP. LAND TRANSFERS

[1:24:06 PM](#)

CO-CHAIR WOOL announced that the next order of business would be SENATE BILL NO. 54, "An Act approving the transfer of certain Alaska Railroad Corporation land; and providing for an effective date."

[1:24:33 PM](#)

SENATOR JOHN COGHILL, Alaska State Legislature, as prime sponsor, stated that SB 54 would correct an oversight related to the Healy land transfer "from the railroad to the buyers." He said he thinks SB 54 would benefit the Healy area, the Alaska Railroad Corporation, and the purchaser.

[1:25:34 PM](#)

RYNNIEVA MOSS, Staff, Senator John Coghill, Alaska State Legislature, on behalf of Senator Coghill, prime sponsor, pointed out that SB 54 does not address a new sale, rather it relates to a sale that was approved by the legislature [in previous legislation] wherein Ms. Moss said she had made a mistake. She echoed Senator Coghill's remark that the proposed legislation would correct the oversight.

[1:25:52 PM](#)

CO-CHAIR WOOL opened public testimony on SB 54.

[1:26:02 PM](#)

JON COOK, Chair, Board of Directors, Alaska Railroad Corporation, related that he has also served on "the Real Estate Committee" for the past nine years. He stated that board's support of SB 54. He explained that the buyer paid for a portion of land on a lake in Healy, Alaska, for a hotel complex; this was made possible under legislation passed last year. The buyer "pre-paid the remaining portion" that [was not previously allowed due to an oversight]. He said the board would appreciate anything the legislature can do to move SB 54 quickly, because "one day in May is worth three in October," and the buyer is ready to go to work on the project.

[1:27:05 PM](#)

CO-CHAIR WOOL, after ascertaining that there was no one else who wished to testify, closed public testimony on SB 54.

[1:27:16 PM](#)

CO-CHAIR STUTES moved to report SB 54 out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, SB 54 was reported out of the House Transportation Standing Committee.

SJR 11-U.S.-CANADA RAILROAD PRESIDENTIAL PERMIT

[1:27:44 PM](#)

CO-CHAIR WOOL announced that the final order of business would be CS FOR SENATE JOINT RESOLUTION NO. 11(TRA), Urging the United States to issue a Presidential permit authorizing a railroad crossing of the Alaska-Canada border from state land into Yukon, Canada; and supporting cooperation between the United States and Canada to establish a public-private partnership for construction of a railroad from Alberta, Canada, to the state that would connect the Alaska Railroad to the North American railroad system.

[1:28:15 PM](#)

AIMEE BUSHNELL, Staff, Senator Shelley Hughes, Alaska State Legislature, presented CSSJR 11(TRA) on behalf of Senator Hughes, prime sponsor. She prefaced her remarks by specifying that CSSJR 11(TRA) is a "railroad resolution" different from a railroad resolution being sponsored by Representative Talerico. She said CSSJR 11(TRA) would urge the federal government to issue a presidential permit to allow a railroad to cross from

Canada into Alaska. She explained that presidential permits are necessary to allow infrastructure between the U.S. and neighboring countries. She indicated that the impetus for CSSJR 11(TRA) was the approach of two companies in Canada to the Senate Transportation Standing Committee. The presidential permit is necessary in order for those companies to convince their investors that such a project is feasible. She clarified that CSSJR 11(TRA) "is not tied to either company." Ms. Bushnell stated that the intent of CSSJR 11(TRA) is "to open the economic opportunities for Alaska and allow commerce to come in." She said the rail line would connect to the North American Rail System. She indicated that [Congress] has sought to make this connection for over 100 years. She concluded that CSSJR 11(TRA) would be "that next step" [to securing the presidential permit].

[1:30:38 PM](#)

MS. BUSHNELL, in response to a question from Co-Chair Wool, said the sponsor of CSSJR 11(TRA) thought it best to allow the aforementioned companies to come forward to speak rather than speaking on their behalf.

CO-CHAIR WOOL noted that would occur at the next hearing on CSSJR 11(TRA).

[1:31:08 PM](#)

REPRESENTATIVE STORY observed that the proposed joint resolution includes language about the presidential permit and a requirement to check with indigenous citizens. She expressed her appreciation of CSSJR 11(TRA).

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CO-CHAIR WOOL asked what else would be required other than a presidential permit.

MS. BUSHNELL responded that she would have to get back to Co-Chair Wool with an answer. She said the companies in Canada would be concerned with crossing the land of indigenous people.

[1:32:31 PM](#)

REPRESENTATIVE RASMUSSEN expressed interest in seeing a map of possible routes for a rail line.

MS. BUSHNELL said she could procure "a map of what both companies envisioned."

CO-CHAIR WOOL related he would like visual aids brought to the committee by the next hearing of CSSJR 11(TRA).

MS. BUSHNELL, in response to a query from Co-Chair Wool, related that one of the companies addresses a route from Alberta to Alaska ("A2A"), while the other proposes "Generating for Seven Generations" ("G7G"). She said both plans would start in Fort McMurray in Canada and come through Delta Junction, directly across the border from Canada. The G7G plan would go from Delta Junction to [Valdez], [following] the Trans-Alaska Pipeline route. The A2A plans on going up to Fairbanks and "taking the rail line down."

[1:34:24 PM](#)

SENATOR SHELLEY HUGHES, Alaska State Legislature, as prime sponsor of CSSJR 11(TRA), stated that the project would not require a funding allocation from the State of Alaska. She said Congress "granted us the authority to have this rail since 1914." She indicated that of the up to 1,000 miles allowable, "we only have 500 right now." She added, "This would be an added 250." She posited that at the time of westward expansion, the event of most significance was the connection of the rail line. She said, "The product that would be shipped pencils out for the business interests that have looked at it." She said the rail could benefit numerous ports in Alaska.

SENATOR HUGHES, in response to Co-Chair Wool, confirmed that \$17 billion is the estimated cost of the overall project; it would come from private investment. She said the applicable companies have had conversations with indigenous peoples and have been good at "getting their social license." Those conversations will continue.

[1:37:57 PM](#)

REPRESENTATIVE RASMUSSEN sought to confirm that the project could add infrastructure for those communities that do not presently have connectivity to the rest of the state.

SENATOR HUGHES pointed out that there would be infrastructure added to come into Delta Junction, then there are roads from Delta Junction to Fairbanks and rail out of Fairbanks. She

added, "There would be some new areas where it would be stretched across."

REPRESENTATIVE RASMUSSEN asked, "So, it would connect in at Fairbanks?"

SENATOR HUGHES answered yes. She said the other plan would be "to feed the bitumen, liquify it, and put it into TAPS [the Trans-Alaska Pipeline System]." She indicated that the rail line includes a substance much like children's play sand, which makes cleanup of any spilled substances easier, because "it doesn't seep into the ground." She said there would be "well-made containers." She pointed out that currently the Alaska Railroad Corporation is certified to carry diesel, which is a more volatile substance.

REPRESENTATIVE RASMUSSEN inquired if this might develop into a passenger line between Canada and Alaska.

SENATOR HUGHES answered that the initial development is intended for the movement of products; however, there could be expansion into tourist travel. In that event, she said the same border crossing requirements used at custom stations along roadways would apply to railway border crossings. Senator Hughes, in response to a follow-up question, deferred to Tim Sullivan to explain how [a transition from cargo to passenger carrier] could work.

[1:41:20 PM](#)

TIM SULLIVAN, JR., Director of External Affairs, Alaska Railroad Corporation, proffered that conversations are still ongoing to figure out how such a transition could work.

[1:41:41 PM](#)

CO-CHAIR STUTES asked for confirmation that the intent of the rail line is to transport fuel.

SENATOR HUGHES answered that what she is calling "the anchor tenet" is bitumen. She said, "Anything else on top of that is icing on the cake." She noted that shipping ports from Alaska to Asia are closer than shipping from other ports.

[1:43:23 PM](#)

CO-CHAIR WOOL noted that bitumen is also referred to as "tar sands." He summarized that the bitumen would be transported via rail into Alaska, to an Alaska port, then exported somewhere else for refinement.

SENATOR HUGHES confirmed that is correct.

CO-CHAIR WOOL inquired whether a line starting in Alberta would also connect to the Lower 48.

SENATOR HUGHES answered that "Alberta is connected to the Lower 48." She said she is not certain, but "there may be something coming from different directions in Alberta."

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REPRESENTATIVE CLAMAN asked how many miles would be covered with the estimated cost of \$17 billion.

SENATOR HUGHES answered that from Alberta to the border of Alaska is 1,200 miles, and from the Alaska border to Fairbanks is 250 miles. In response to a follow-up question, she confirmed the cost would cover the entire distance.

REPRESENTATIVE CLAMAN remarked that \$17 billion sounds low.

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MR. SULLIVAN stated that \$17 billion is a rough estimate. The typical cost for building rail line ranges between \$8 to \$10 million per mile; the \$17 billion estimate is derived based on \$10 million per mile.

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SENATOR HUGHES offered her understanding that if the presidential permit is granted and all goes as planned, the rail could be installed by 2022.

CO-CHAIR WOOL noted that [Representative Talerico] has proposed legislation to get a train from Fairbanks to Delta, and he suggested the two could be done at the same time.

[1:47:17 PM](#)

REPRESENTATIVE DRUMMOND related an anecdote of traveling from Anchorage to Haines and described seeing Walmart and Sam's Club

trucks heading south. She found out that the trucks had originated from Anchorage. At that time, West Coast ports were congested, and it was faster for those companies to send their materials overland from the port in Anchorage to the Midwest markets. She said this eye-opening occurrence took place about 10 years ago.

[CSSJR 11(TRA) was held over.]

[1:48:58 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 1:49 p.m.