

**ALASKA STATE LEGISLATURE**  
**HOUSE TRANSPORTATION STANDING COMMITTEE**

March 21, 2024  
1:37 p.m.

**MEMBERS PRESENT**

Representative Kevin McCabe, Chair  
Representative Sarah Vance, Vice Chair  
Representative Tom McKay  
Representative Craig Johnson  
Representative Jesse Sumner  
Representative Louise Stutes  
Representative Genevieve Mina

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 332

"An Act relating to the sale of the Alaska Railroad; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 386

"An Act relating to the obstruction of airports and runways; relating to the obstruction of highways; establishing the crime of obstruction of free passage in public places; relating to the obstruction of public places; relating to the crime of trespassing; relating to the obstruction of navigable waters; and providing for an effective date."

- MOVED HB 386 OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 141 (TRA)

"An Act naming the Raymond and Esther Conquest Bridge."

- BILL HEARING CANCELED

**PREVIOUS COMMITTEE ACTION**

BILL: HB 332

SHORT TITLE: SALE OF ALASKA RAILROAD

SPONSOR(S): REPRESENTATIVE(S) SUMNER

02/20/24 (H) READ THE FIRST TIME - REFERRALS  
02/20/24 (H) TRA, FIN  
03/07/24 (H) TRA AT 1:00 PM BARNES 124  
03/07/24 (H) <Bill Hearing Canceled>  
03/21/24 (H) TRA AT 1:00 PM BARNES 124

BILL: HB 386

SHORT TITLE: OBSTRUCTION OF PUBLIC PLACES; TRESPASSING

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

02/21/24 (H) READ THE FIRST TIME - REFERRALS  
02/21/24 (H) TRA, JUD  
03/12/24 (H) TRA AT 1:00 PM BARNES 124  
03/12/24 (H) Heard & Held  
03/12/24 (H) MINUTE(TRA)  
03/14/24 (H) TRA AT 1:00 PM BARNES 124  
03/14/24 (H) Scheduled but Not Heard  
03/19/24 (H) TRA AT 1:00 PM BARNES 124  
03/19/24 (H) Heard & Held  
03/19/24 (H) MINUTE(TRA)  
03/21/24 (H) TRA AT 1:00 PM BARNES 124

#### **WITNESS REGISTER**

REPRESENTATIVE JESSE SUMNER

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, presented HB 332.

CLARK BICKFORD, Staff

Representative Jesse Sumner

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Gave the sectional analysis for HB 332, on behalf of Representative Sumner, prime sponsor.

CLARK HOPP, Chief Operating Officer

Alaska Railroad Corporation

Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 332.

#### **ACTION NARRATIVE**

[1:37:43 PM](#)

**CHAIR KEVIN MCCABE** called the House Transportation Standing Committee meeting to order at 1:37 p.m. Representatives Vance, McKay, Sumner, Mina, and McCabe were present at the call to order. Representatives Stutes and C. Johnson arrived as the meeting was in progress.

**HB 332-SALE OF ALASKA RAILROAD**

1:38:25 PM

CHAIR MCCABE announced that the first order of business would be HOUSE BILL NO. 332, "An Act relating to the sale of the Alaska Railroad; and providing for an effective date."

1:39:21 PM

REPRESENTATIVE JESSE SUMNER, Alaska State Legislature, as prime sponsor, presented HB 332. He shared the sponsor statement [included in the committee packet], which read as follows [original punctuation provided]:

This legislation represents a critical turning point for our state, unlocking economic potential while ensuring protections for the interests of Alaskans. For years, the Alaska Railroad has served our communities, but it has not reached its full potential. Operating under state ownership, the railroad has faced limitations in terms of investment, innovation, and strategic expansion. This bill initiates a careful, responsible process to transfer the Alaska Railroad to a private buyer committed to the railroad's success.

This legislation protects Alaska's interests in several ways. The potential buyer must agree to operate the railroad for at least 50 years and assume existing contracts, providing continuity for our communities and businesses. The purchase price must exceed the fair market value or the state's total investment in the railroad, ensuring taxpayers receive a fair return. The legislature retains the ultimate authority to approve or reject a sale agreement, safeguarding public interest. By establishing a resource development agreement, this bill positions the Alaska Railroad to be a key catalyst for unlocking responsible, sustainable expansion of our state's vast resources.

Additionally, this process will streamline governance and inject much-needed private sector expertise into the railroad's operations. The bill recognizes the potential for modernization, expansion, and the creation of new Alaskan jobs through this strategic sale. I recognize that any change in the Alaska Railroad's status raises questions and concerns. This bill addresses those with care, through a transparent process focused on obtaining the best long-term outcome for our state. I urge my colleagues to join me in voting in favor of this legislation, allowing us to write the next successful chapter in the Alaska Railroad's history.

[1:41:29 PM](#)

CLARK BICKFORD, Staff, Representative Jesse Sumner, Alaska State Legislature, on behalf of Representative Sumner, prime sponsor, gave the sectional analysis for HB 332 [included in the committee packet], which read as follows [original punctuation provided]:

**Sections 1-3. Amends uncodified law of the State of Alaska**

**Section 1.**

This section mandates the sale of the Alaska Railroad by setting strict timelines for the governor to issue a request for proposals and enter into a sales agreement. The buyer of the railroad must commit to continuing operations for a minimum of 50 years, assume all existing contracts of the Alaska Railroad Corporation, and pay a purchase price exceeding either the fair market value of the railroad or the total amount the state has invested in the railroad. The sale agreement is subject to legislative approval, and the Alaska Railroad Corporation is restricted from any actions that could diminish the railroad's value before the sale. The state shall retain an easement on Alaska Railroad right-of-way lands for transportation, communication, and transmission purposes. The governor must commission a fair market appraisal of the railroad, report on both the appraisal and the sale procedures to the legislature and adopt regulations to implement this act. Upon completion of the sale, the Alaska Railroad Corporation will be dissolved, and

nonessential railroad property will be transferred to the Department of Natural Resources. The sale process is exempt from standard state procurement codes and regulations governing the Alaska Railroad Corporation. Finally, the sale of the railroad is contingent upon the execution of a resource development agreement, which is likely outlined in a subsequent section of the bill.

### **Section 2.**

This section underscores the strong connection between the sale of the Alaska Railroad and the state's goal of promoting resource development. It requires the buyer of the Alaska Railroad to enter into a resource development agreement with the state within 180 days of the sale. This agreement must demonstrate the buyer's commitment to actively invest in expanding and improving the railroad to better facilitate resource development projects within the state.

The agreement must contain key elements, including a state pledge to allocate a portion of the sale proceeds (subject to legislative appropriation) for railroad modernization, expansion, and maintenance, specifically including new rail lines for resource access. The buyer commits to working with the state, local communities, and other stakeholders to determine strategic locations for new railroad infrastructure to support resource development. The buyer will regularly report to the state and legislature on the agreement's implementation, including construction progress. Finally, the agreement must outline a process for resolving any potential disputes between the state and the buyer. Similar to the sales agreement, the resource development agreement requires legislative approval.

### **Section 3.**

This section establishes a process to identify and categorize all assets belonging to the Alaska Railroad Corporation. The governor is tasked with compiling this inventory, which must include all real property, personal property, and intangible assets. The governor must then determine which assets are vital for the railroad's operation and classify the remaining assets separately. This comprehensive report is due to the

Legislative Budget and Audit Committee by August 1, 2024.

Importantly, the Legislative Budget and Audit Committee has the authority to recommend changes to the governor's asset identification and classification. This likely provides an additional layer of oversight and scrutiny to the asset identification process in preparation for the railroad's sale.

**Section 4.**

Establishes that the Act will take place immediately.

[1:45:43 PM](#)

CHAIR MCCABE invited questions from committee members.

[1:46:02 PM](#)

REPRESENTATIVE STUTES questioned the ultimate goal of the bill.

REPRESENTATIVE SUMNER replied that the actual sale of the railroad and the direction it is headed in resource development should be up for debate. He indicated that the bill was a good way to initiate a discussion.

CHAIR MCCABE added that the railroad had not built a single new track since the 1980s. He said the best transportation facility in the state, other than the Alaska Marine Highway System (AMHS), was the railroad, which has not kept up with the state's needs. He opined that something needed to be done, which starts with a conversation, and he indicated that the bill was a motivational bill.

REPRESENTATIVE STUTES said she understood that the bill was an "attention getter."

[1:48:57 PM](#)

REPRESENTATIVE MINA shared that she looked into the history of the Alaska Railroad Corporation (ARRC) and that after the sale, it took two years for the state to buy it due to various economic concerns. She asked whether resource development was part of the statutory responsibility of ARRC.

REPRESENTATIVE SUMNER offered to follow up on the inquiry.

REPRESENTATIVE MINA requested to learn more about what ARRC isn't doing currently, potential management changes, and its lack of goals relating to resource development.

REPRESENTATIVE SUMNER offered his belief that ARRC had done a decent job the past 40 years, but there is much more that it can do, and he reiterated that something else needed to be done.

REPRESENTATIVE MINA asked whether anything in statute prevented ARRC from doing something.

REPRESENTATIVE SUMNER answered no. He shared his understanding that there was a process in statute and offered to follow up with the requested information.

[1:52:26 PM](#)

REPRESENTATIVE MCCABE explained that in statute years ago, ARRC was required every five years to present a request for proposal (RFP), an appraisal, and three possible buyers. He added that it had been reduced by the legislature to a yearly report, which was neglected in past years and for that reason, he was unsure what the value was. He believed that the railroad was not in debt, making a cost neutral asset that was not hurting or helping the state. He acknowledged that there was a history on what ARRC was supposed to do in reference to looking for buyers.

[1:53:59 PM](#)

REPRESENTATIVE VANCE said she appreciated creativity for business purposes and to ignite economic stability. Without making it available, there was no way to know about potential buyers. She said she was in favor of empowering the private sector, adding that government needed to get out of the way. She referenced the Kenai Peninsula and the bonding deal and asked for the bill sponsor's vision for not losing the important relationship with the tourism industry.

REPRESENTATIVE SUMNER responded that he did not want to lose the profitable aspect of tourism. He welcomed additional bill language from committee members.

REPRESENTATIVE VANCE sought to understand the makeup of railroads across the nation and how they've been able to increase economic development. She asked whether most were private companies dealing in contracts, or state corporations.

[1:57:13 PM](#)

MR. BICKFORD offered to follow up with the requested information.

REPRESENTATIVE SUMNER shared his belief that state-owned corporations were not common.

[1:57:52 PM](#)

REPRESENTATIVE MCCABE offered his understanding that Amtrak was the only government-owned railroad in the Lower 48, possibly the only government-owned passenger railroad. He shared an anecdote about interested buyers, which, he believed, should be explored.

[1:58:56 PM](#)

REPRESENTATIVE MINA asked how the sale of ARRC would impact the long-term goal of the Alaska-Alberta Railway (A2A). She acknowledged the longer-term goal of connecting Alaska to the Lower 48.

REPRESENTATIVE SUMNER said he thought that was a nuanced question, and he would look into it more.

[2:00:12 PM](#)

REPRESENTATIVE MINA reported that ARRC was the only state-owned railroad. She asked what would happen to the land ARRC owns.

[2:01:04 PM](#)

CLARK HOPP, Chief Operating Officer, Alaska Railroad Corporation, to Representative Mina stated that the loss of revenue from nonoperational lands would be a concern in privatizing the railroad.

REPRESENTATIVE MINA said she was trying to compare privatization versus state owned. She inquired about the benefits of the railroad being in coordination with the state.

MR. HOPP provided historical context, indicating that the goal was to have a steady source of income. He declined to answer how a private company would operate in Alaska.

REPRESENTATIVE MINA pointed out that many union workers are employed by the railroad, and if there were a sale, she asked what would happen with union contracts.

MR. HOPP responded that it was hard to answer that question, as it is a long ways away.

[2:04:33 PM](#)

REPRESENTATIVE SUMNER directed attention to Section 1 of the bill, indicating that the contracts would continue, as opposed to liquidating railroad employees.

[2:05:13 PM](#)

CHAIR MCCABE expressed concern about the deep-draft port in Port Mackenzie, Alaska, which was not connected by rails. He said there were highly interested governments and many reasons to complete the rail through Canada to the Lower 48, such as clean Alaska coal to the power plant in North Dakota. He acknowledged that the dream was big - just like the state. He noted that the Alaska Constitution required the development of resources for maximum yield and sustainability, and he stressed that it cannot be done without transportation.

[2:07:04 PM](#)

REPRESENTATIVE STUTES said this was a great encouragement for development and commended the bill sponsor for the "wake up call" to ARRC and to the legislators.

[2:07:40 PM](#)

REPRESENTATIVE VANCE questioned the opportunities for businesses to partner with the railroad and asked how easy it would be. She indicated that opportunities were being passed by for far too long and she asked what else could be done.

CHAIR MCCABE said many entities are interested in Port Mackenzie; however, they would not be realized without the rail. He said once the railroad starts to earn revenue, the 84 miles of the northern rail extension and the rail into Canada could be furthered. He said there are many moving pieces that need the railroad to be on board.

[2:10:44 PM](#)

REPRESENTATIVE MCKAY commented that considering the eight Arctic nations, Russia had the most development in the Arctic. Should there be advancement, he said rail to Prudhoe Bay could be linked to Chicago. He encouraged not to let Russia get a foothold and commended the forward thinking. He further highlighted the importance of a strong foothold.

CHAIR MCCABE highlighted the significant pressure on roads and concerns about the impact by big trucks. The railroad could be a big mitigating factor, he said. He suggested that the railroad could be a solution for hauling gold. He added that Alaska was uniquely situated to help its Indo-Pacific Allies. Alaska has the largest antimony deposit in the U.S., which could be shipped to allies, he noted. He said resource development creates new wealth and diversification.

[2:15:22 PM](#)

REPRESENTATIVE STUTES asked how much it costs to build one mile of railroad track.

CHAIR MCCABE estimated \$247 million for 32 miles, which could be highly inflated. He said that according to a private company, \$400,000 per mile could be done, whereas another estimate was \$1 million per mile.

[2:16:54 PM](#)

CHAIR MCCABE announced that HB 332 was held over.

**HB 386-OBSTRUCTION OF PUBLIC PLACES; TRESPASSING**

[2:17:00 PM](#)

CHAIR MCCABE announced that the final order of business would be HOUSE BILL NO. 386, "An Act relating to the obstruction of airports and runways; relating to the obstruction of highways; establishing the crime of obstruction of free passage in public places; relating to the obstruction of public places; relating to the crime of trespassing; relating to the obstruction of navigable waters; and providing for an effective date."

[2:17:35 PM](#)

CHAIR VANCE moved to report HB 386 out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE MINA objected.

[2:17:52 PM](#)

REPRESENTATIVE MINA spoke to her objection. She questioned the role in balancing community safety, individual safety, and the right to assembly. She said the testimony that she heard was primarily in opposition to the bill due to its broad nature in relation to First Amendment rights. She said she was not confident that the bill would lead to de-escalation and she reflected that it was too broad.

[2:20:48 PM](#)

REPRESENTATIVE STUTES expressed concern that she did not hear one single testimony in favor of the bill, which could be a solution looking for a problem. She commented on the vast nature of the proposed legislation.

[2:21:51 PM](#)

REPRESENTATIVE MCKAY highlighted the riots from 2020, noting that entire cities and blocks were destroyed. He said he believed that the legislation was to ensure that nothing similar happens in Alaska. He spoke against certain acts of protest and stated that he supported the bill.

[2:23:14 PM](#)

REPRESENTATIVE C. JOHNSON clarified that it had happened in Alaska. He recalled a group that chained themselves to the railroad to prevent timber sales in the Tongass in the 1970s. He expressed concern that Alaska was a "stand your ground" state. He said he would hate to see a shootout between two groups who were both in the right. He opined that a bill like this would make obstruction of commerce unacceptable in Alaska.

[2:26:15 PM](#)

REPRESENTATIVE VANCE pointed out that it was already a crime to chain oneself to the railroad. One cannot obstruct someone else's right to freedom of movement, she said. She pointed to Section 2 which would criminalize with a class 2 felony, similar to the religious liberty bill that was recently passed. She said that she viewed the bill as a matter of public safety and opined that it would not limit the constitutional rights of Alaskans. She agreed with the right to peacefully assemble and

referenced her community of Homer. She opined that the bill was simple and straightforward and aligned with other areas of law. She stated that she would help protect Alaskans.

[2:28:59 PM](#)

CHAIR MCCABE stated that one man's protest is another man's vandalism. He questioned where one right ends and another begins. He shared examples of blocking fishermen or blocking ambulances. He added that the attorney general viewed the bill as a preventative bill. He commented on the "protest du jour" and put forth consideration for the rights of people who need to get to work or pick their children up from school.

[2:31:02 PM](#)

REPRESENTATIVE MINA said she appreciated the conversation. She agreed that there was violence and destruction of property, but she believed that there were ways to enforce the violation of property rights in those circumstances. She responded to the scenario in which boats were blocked from fishing, suggesting that it does not happen. She reiterated her concern about the broadness of the bill and the importance of protecting First Amendment rights. She encouraged committee members to be mindful and she believed that most protestors would let emergency services through.

[2:34:29 PM](#)

CHAIR MCCABE commented that if the Glenn Highway was blocked off during afternoon traffic, one would not know that there was an ambulance in the back of the traffic line, and the protestors might not know. He said the ability to arrest protestors and move them out of the way could help, and he stressed the need for more discussion.

REPRESENTATIVE MINA maintained her objection.

[2:35:58 PM](#)

A roll call vote was taken. Representatives C. Johnson, McKay, Vance, Stutes, Sumner, and McCabe voted in favor of reporting HB 386 from committee. Representative Mina voted against it. Therefore, HB 386 was reported out of the House Transportation Standing Committee by a vote of 6-1.

[2:37:28 PM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 2:37 p.m.