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Referred: Transportation
and Finance

1 IN THE SENATE

BY KERTTULA

2

SENATE BILL NO. 10

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the Alaska Railroad; and provid-
7 ing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. LEGISLATIVE FINDINGS, POLICY, AND DECLARATIONS. (a) The
10 legislature finds that

11 (1) the United States government has expressed its determination
12 to discontinue federal operation of the Alaska Railroad at the earliest
13 possible date;

14 (2) for the time being, private acquisition and operation of the
15 railroad in a manner consistent with the federal transfer legislation and
16 this Act is not presently considered to be a reasonable possibility or in
17 the best interests of the citizens of the state;

18 (3) continued operation of the railroad is possible only if the
19 state acquires the railroad from the federal government and provides for
20 operation of the railroad;

21 (4) continued operation and development of the Alaska Railroad
22 is essential to the long-term economic growth and development of the state
23 and its natural resources and will serve an important public purpose; and

24 (5) continued operation of the Alaska Railroad will promote the
25 general welfare of the people of the state by providing important freight
26 and passenger service to residents of the state, businesses, visitors, and
27 military installations in the state.

28 (b) It is the policy of the state to

29 (1) foster and promote the development of the state's land and

1 natural resources;

2 (2) foster and promote the long-term economic growth and devel-
3 opment of the state;

4 (3) provide necessary and desirable freight and passenger rail
5 transportation services to residents, businesses, visitors, and military
6 installations in the state;

7 (4) develop and implement plans for a transportation network
8 that effect the policies set out in this subsection; and

9 (5) provide safe, economical, and efficient transportation to
10 residents, businesses, visitors, and military installations in the state.

11 (c) The legislature declares that

12 (1) the exercise of the powers of the state in the interest of
13 the people of the state is necessary to accomplish the policy set out in
14 (b) of this section by authorizing the creation of a public authority with
15 the powers, duties, and functions as provided in this Act to operate the
16 Alaska Railroad and to manage its rail, industrial, port and other proper-
17 ties;

18 (2) it is in the best interests of the people of the state for
19 the public authority created by this Act to operate and manage in a prudent
20 manner the Alaska Railroad

21 (A) to be exclusively responsible for the management of the
22 financial and legal obligations of the Alaska Railroad;

23 (B) with the railroad authority, and not the state, consti-
24 tuting a common carrier subject to the jurisdiction of the United
25 States Interstate Commerce Commission;

26 (C) with the ability to raise capital by issuing obliga-
27 tions exempt from federal and state taxation;

28 (D) to carry out its responsibilities on a self-sustaining
29 basis;

1 (E) to provide the best possible combination of types and
2 levels of safe, efficient, and economical transportation that is
3 necessary to meet the overall needs of the state, supported when
4 necessary by state investment;

5 (F) according to sound business management practices;

6 (G) to provide the level of service that best satisfies the
7 needs of the people of the state;

8 (H) in a fiscally sound manner; and

9 (I) to ensure that borrowing by the authority does not
10 directly or indirectly endanger the state's own borrowing capacity;

11 (3) the continued operation of the railroad will assure greater
12 use, development, reclamation, and settlement of the state's land for the
13 maximum benefit of the people; and

14 (4) the important public purposes to be served by the railroad
15 authority require the authority to have all of the powers and duties
16 granted to it by this Act; the legislature intends that the authority,
17 consistent with sound business management practices, exercise its powers
18 and duties as a public service on behalf of the state and recognizes that
19 the exercise of the powers and duties granted by this Act requires the
20 authority to engage in the wide range of conduct authorized by this Act.

21 * Sec. 2. AS 42 is amended by adding a new chapter to read:

22 CHAPTER 40. ALASKA RAILROAD AUTHORITY.

23 ARTICLE 1. ESTABLISHMENT AND ORGANIZATION.

24 Sec. 42.40.010. ESTABLISHMENT OF AUTHORITY. There is estab-
25 lished the Alaska Railroad Authority. The authority is a public
26 corporation and, for purposes of art. III, sec. 22, Constitution of
27 the State of Alaska, is an instrumentality of the state within the
28 Department of Transportation and Public Facilities, but the authority
29 has a legal existence independent of and separate from the state. The

1 exercise by the authority of the powers provided in this chapter is
2 considered an essential governmental function of the state. The
3 existence of the authority is perpetual.

4 Sec. 42.40.020. LIMITATION OF LIABILITY. A liability incurred
5 by the authority must be satisfied exclusively from the assets and
6 credit of the authority and no creditor or other person has a right of
7 action against the state on account of a debt, obligation, or liabil-
8 ity of the authority.

9 Sec. 42.40.030. BOARD OF COMMISSIONERS. (a) The powers of the
10 authority are vested in the Board of Commissioners. The board con-
11 sists of the commissioner of transportation and public facilities, who
12 serves as a voting member; the chief executive officer of the authori-
13 ty, who serves as an ex officio nonvoting member; an authority em-
14 ployee appointed by the governor, who serves as a nonvoting member and
15 represents the labor organizations that are certified to represent
16 authority employees; and six voting public members appointed by the
17 governor. The public members must have substantial experience or
18 professional training and expertise in fields relevant to the purposes
19 of this chapter, including, but not limited to transportation, busi-
20 ness, and finance and must have the standing in their communities to
21 command the respect of their fellow citizens. Unless prohibited by
22 law, one public member shall be or have been an executive official of
23 an American railroad that is not now or was never a connecting carrier
24 of the Alaska railroad. At least four public members must be selected
25 from areas served by the railroad. The public members may not be
26 state officers or employees.

27 (b) The public members of the board shall be confirmed by a
28 majority of the membership of the legislature in joint session. A
29 public member appointed by the governor, unless and until the member

1 has been rejected by the legislature, has the full powers and respon-
2 sibilities of a confirmed board member.

3 (c) The board shall elect from its membership a chairman, a
4 vice-chairman, a treasurer, and a secretary and prescribe their
5 specific duties by rule.

6 (d) The chairman shall call meetings of the board at least once
7 every three months. The chairman may call other meetings of the board
8 as the chairman considers necessary. The chairman shall preside at
9 meetings of the board.

10 (e) The governor by written notice to the member may remove a
11 public member from the board for

12 (1) incapacitation caused by injury or sickness that leaves
13 the member unable to perform duties under this chapter;

14 (2) continued refusal or inability to attend meetings of
15 the board;

16 (3) conviction of a misdemeanor involving moral turpitude
17 or a felony; or

18 (4) any conduct that was intended to harm the authority
19 whether or not it constitutes a crime.

20 Sec. 42.40.040. TERM OF OFFICE; VACANCIES. (a) The public
21 members of the board serve for staggered terms of five years each.

22 (b) A vacancy on the board is filled by appointment by the
23 governor and the appointment must be confirmed by the legislature in
24 joint session. A member selected to fill a vacancy holds office for
25 the balance of the term for which the member's predecessor is appoint-
26 ed.

27 (c) A vacancy on the board does not impair the authority of a
28 quorum of members to exercise the powers and perform the duties of the
29 board.

1 (d) A member whose term has expired shall serve until a succes-
2 sor has been appointed.

3 Sec. 42.40.050. COMPENSATION AND EXPENSES. A public member of
4 the board is entitled to compensation at the rate of \$300 for each day
5 the member is engaged in actual performance of duties as a member of
6 the board. The board shall provide by rule for compensation for
7 partial days during which a member is engaged in the actual perfor-
8 mance of duties. A member is entitled to per diem and travel expenses
9 authorized by law for state boards and commissions under AS 39.20.180.

10 Sec. 42.40.060. QUORUM AND NOTICE OF MEETINGS. Four voting
11 members of the board constitute a quorum for the transaction of
12 business. In addition to the notice requirements of AS 44.62, notice
13 of a meeting of the board, including an agenda for the meeting, must
14 be given to

- 15 (1) each member of the board;
- 16 (2) the governor;
- 17 (3) the leadership of the legislature;
- 18 (4) at least two newspapers of statewide circulation; and
- 19 (5) members of the general public upon request.

20 Sec. 42.40.070. VOTING. The board shall provide by rule for the
21 manner of voting and any representation of persons absent from meet-
22 ings. The rules may provide for voting and conferring by means of
23 telecommunication devices or by mail or for voting as directed in a
24 written proxy taking a position on a particular issue so long as
25 voting is consistent with AS 44.62.310. However, no proxy is allowed
26 that delegates to the holder discretion to act for a principal on
27 undisclosed or general matters.

28 Sec. 42.40.080. MANAGEMENT OF AUTHORITY. (a) Unless the board
29 provides for management of the authority by a third-party contractor

1 under (b) of this section,

2 (1) the board shall appoint and fix compensation for the
3 chief executive officer and legal counsel of the authority; the ap-
4 pointment of legal counsel is subject to the approval, for competence,
5 of the governor;

6 (2) the chief executive officer shall appoint and fix
7 compensation for the other executive officials; the appointments and
8 compensation are subject to board approval;

9 (3) officials appointed under (1) and (2) of this subsec-
10 tion serve at the pleasure of the board;

11 (4) the chief executive officer may appoint and fix compen-
12 sation for any additional personnel necessary to carry out the pur-
13 poses of this chapter;

14 (5) except as may be required by federal law, no executive
15 official of the authority may be compensated at a rate in excess of
16 that established under AS 39.20.080 for the heads of principal execu-
17 tive departments of the state.

18 (b) The board may provide for, in a manner consistent with the
19 purposes of this chapter and subject to the approval of the state as
20 provided in AS 42.40.600(g), the management and operation of the rail-
21 road by a third-party contractor. Subject to the limitations in (a)
22 of this section, the board may provide for appointment and compensa-
23 tion of any executive official, including but not limited to those
24 provided for in (a) of this section, necessary to augment the manage-
25 ment and operation of the railroad by the third-party contractor.

26 Sec. 42.40.090. DELEGATION. (a) The board shall by rule dele-
27 gate powers and duties necessary and appropriate for the management of
28 the daily affairs and operations of the authority to the chief execu-
29 tive officer, subject to any requirement of board concurrence or

1 authorization imposed by the rules.

2 (b) Within 180 days of its establishment, the board shall by
3 rule delegate the following activities of the authority to the chief
4 executive officer or other executive official designated by the board,
5 subject to any board review of the activities as may be specified in
6 the rules:

7 (1) leasing, granting easements in, issuing permits for the
8 use of, or conveying other interests that do not constitute a transfer
9 of the authority's entire interest in real property of the authority;

10 (2) establishment of specific rates, tariffs, divisions and
11 contract rate agreements;

12 (3) routine changes in service levels; and

13 (4) procurement.

14 (c) General or particular board authorization or concurrence is
15 required for the following:

16 (1) transfer of the authority's entire interest in real
17 property other than the execution of a release of a lien or satis-
18 faction of a mortgage after payment has been received;

19 (2) issuance of notes, debentures, or bonds;

20 (3) mortgaging or pledging of authority assets;

21 (4) donation of money, property, or other assets belonging
22 to the authority;

23 (5) an action by the authority as a surety or guarantor;

24 (6) capital projects with an estimated completion cost in
25 excess of \$250,000 or an estimated completion time of more than one
26 year;

27 (7) adoption of the long-range program and capital improve-
28 ment plans under AS 42.40.325;

29 (8) certification of annual reports under AS 42.40.310;

1 (9) generally applicable, comprehensive increases and de-
2 creases in rates other than those periodically approved by the United
3 States Interstate Commerce Commission for application to rail carriers
4 generally;

5 (10) diversification and major expansion or reduction of
6 services beyond those provided on the date of transfer or as provided
7 under this chapter;

8 (11) the exercise of the power of eminent domain;

9 (12) expansion of main or branch lines, other than routine
10 track realignment as necessary to maintain service levels in effect on
11 the date of transfer; and

12 (13) selection of independent auditors and accountants.

13 ARTICLE 2. ADMINISTRATIVE PROVISIONS.

14 Sec. 42.40.200. CONFLICTS OF INTEREST. (a) Except as provided
15 in this section, a board member or employee of the authority may not
16 participate in a decision of the authority in which that person or a
17 member of that person's immediate family has a direct or indirect
18 financial interest unless the financial interest is a remote financial
19 interest and participation is approved under (b) of this section. For
20 purposes of this section, "participate in a decision" includes all
21 discussions, deliberations, preliminary negotiations, and votes con-
22 cerning a matter that is the subject of formal action by the board.

23 (b) A board member or employee may participate in a decision if
24 that person or a member of that person's immediate family has only a
25 remote interest and if the fact and extent of the interest is dis-
26 closed to the board in a public meeting and is noted in the minutes of
27 the board before any participation by the member or employee in the
28 decision, and thereafter in a public meeting the board authorizes or
29 approves the participation by a vote of its membership excluding the

1 interested member or employee. As used in this subsection, "remote
2 interest" means

3 (1) that of a nonsalaried officer of a nonprofit corpora-
4 tion;

5 (2) that of an employee or agent of a contracting party
6 when the compensation of the employee or agent consists entirely of
7 fixed wages or salary and the contract is awarded by bid or by other
8 competitive process;

9 (3) that of a landlord or tenant of a contracting party,
10 except when the property subject to the lease or sublease is owned or
11 managed by the authority;

12 (4) that of a holder of less than one percent of the shares
13 of the corporation or cooperative that is the contracting party;

14 (5) that of an owner of a savings and loan account or bank
15 savings or share account or credit union deposit account if the inter-
16 est represented by the account is less than two percent of the total
17 deposits held by the institution; or

18 (6) other interests that in good faith are defined as
19 remote by rules or regulations adopted by the authority.

20 (c) A board member or employee is not considered to be finan-
21 cially interested in a decision when the decision could not affect
22 that person in a manner different from its effect on the public or
23 community.

24 (d) An action, including the award of a contract, in which a
25 board member or employee participates in violation of this section or
26 AS 39.50.090 is void if the board member's vote or employee's partici-
27 pation was necessary to the decision. If a board member votes or an
28 employee participates in a decision in violation of this section or
29 AS 39.50.090 and that vote or participation is not necessary to the

1 decision, the board may ratify the action after disclosure of the
2 violation in a public meeting of the board and without participation
3 by the interested member or employee in the decision to ratify. A
4 board member or employee who violates a prohibition contained in this
5 section or in AS 39.50 forfeits office upon a determination by the
6 board in a public meeting that the violation was intentional.

7 (e) The executive officials and board members of the authority
8 are subject to AS 39.50.

9 (f) Within 120 days of the first meeting of the board, the board
10 shall adopt and may subsequently amend rules and regulations imple-
11 menting this section, providing additional conflict of interest and
12 ethical rules and regulations as it considers appropriate, and provid-
13 ing for the removal by the board of a board member or employee who
14 intentionally violates a prohibition contained in this section or in
15 AS 39.50.

16 Sec. 42.40.210. PUBLIC BOARD MEETINGS. (a) The meetings of the
17 board are public, with the exception of executive sessions permitted
18 by AS 44.62.310 and (b) of this section.

19 (b) In addition to those subjects which may be discussed in
20 executive session under AS 44.62.310, the board may consider in execu-
21 tive session matters that pertain to personnel, the authority's legal
22 position, land acquisition or disposal, or proprietary information, as
23 defined in a manner consistent with the standards and practices of the
24 United States Interstate Commerce Commission for protection of the
25 information including but not limited to proprietary information
26 associated with specific shippers, divisions, and contract rate agree-
27 ments.

28 Sec. 42.40.220. MINUTES OF MEETINGS. The board shall keep
29 minutes of each meeting and shall send a certified copy of the minutes

1 of the public portion of each meeting to the governor and the leader-
2 ship of the legislature.

3 Sec. 42.40.230. ADMINISTRATIVE PROCEDURE. (a) Except for
4 AS 44.62.310 regarding public meetings, as limited by AS 42.40.210(b),
5 the Administrative Procedure Act (AS 44.62) does not apply to the
6 authority, its rules, regulations, or actions taken under this chap-
7 ter. The authority shall make available to members of the public
8 copies of the rules and regulations adopted under this section.
9 Within 45 days after adoption, the chairman of the board shall submit
10 a regulation adopted under this section to the chairman of the Admin-
11 istrative Regulation Review Committee under AS 24.20.400 - 24.20.460.
12 The legislature may annul or temporarily suspend a regulation adopted
13 by the authority.

14 (b) The board shall adopt rules and regulations to govern its
15 procedures and to carry out the purposes of this chapter. Within 90
16 days after its first meeting the board shall adopt rules establishing
17 a procedure for giving advance public notice and an opportunity for
18 the public to comment on proposed regulations of the authority that,
19 in the determination of the board, will have a substantial impact on
20 the public or be used in the authority's dealings with a significant
21 segment of the public. The rules shall also provide for the adoption
22 of emergency regulations without public notice and comment when the
23 immediate adoption or repeal of a regulation is necessary to continue
24 or reinstate the orderly operation of the authority's facilities or
25 programs. However, emergency regulations may not remain in effect
26 more than 120 days unless during that period the board complies with
27 the public notice and comment procedure required for regulations that
28 are not of an emergency nature.

29 (c) The rules adopted under (b) of this section establishing a

1 regulation-making procedure and all rules or regulations relating to
2 procurement of property by the authority, conflicts of interest, dis-
3 closure of information in the possession of the authority, or the
4 regulation of persons outside the authority through the exercise of
5 police power shall be submitted to the attorney general for review and
6 approval before becoming effective. The attorney general shall re-
7 spond to the authority within 60 days after receipt of the rules or
8 regulations either approving them as consistent with or disapproving
9 them as in conflict with the Alaska Statutes and the Constitution of
10 the State of Alaska. A disapproval of rules or regulations must be
11 accompanied by a memorandum of law explaining the conflict with exist-
12 ing law and a recommendation for revisions to cure the defect. Rules
13 or regulations submitted to the attorney general are considered ap-
14 proved if the attorney general fails to approve or disapprove the
15 rules or regulations, as provided in this subsection, within 60 days
16 after receipt.

17 (d) A regulation is not subject to the procedures in (b) of this
18 section if it is one that

19 (1) relates to the use of public works, including terminal
20 areas, industrial reserves, rights-of-way and streets, under the
21 jurisdiction of the authority if the effect of the regulation is
22 indicated to the public by means of signs or signals;

23 (2) is directed to a specifically named person or to a group
24 of persons and does not apply generally throughout the state;

25 (3) concerns service schedules of the railroad; or

26 (4) relates to specific tariffs, divisions, and contract
27 rate agreements.

28 (e) The authority is an agency of the state for purposes of
29 jurisdictional determinations and judicial review of the authority's

1 action.

2 Sec. 42.40.240. PUBLIC DISCLOSURE OF INFORMATION. (a) Except
3 as provided by rule or regulation of the authority under this section,
4 facts and information in the possession of the authority are public
5 and communications, reports, files, books, accounts, and papers of
6 every nature in its possession are open to public inspection at
7 reasonable times.

8 (b) The authority may by rule or regulation designate and with-
9 hold disclosure of matters of a nonpublic, privileged, or proprietary
10 nature. Those matters include but are not limited to personnel
11 records, communications with and work product of counsel and, consis-
12 tent with the standards and practices of the United States Interstate
13 Commerce Commission for the protection of these matters, other infor-
14 mation including but not limited to proprietary information associated
15 with specific shippers, divisions, and contract rate agreements.

16 (c) A person may make written objections to the public disclo-
17 sure of information contained in an application, report, or document
18 filed with the authority, stating the grounds for the objection. When
19 an objection is made, the board may order the information withheld
20 from public disclosure if the information

21 (1) would adversely affect the interest of that person and
22 is not required in the interest of the public; or

23 (2) may be protected from disclosure consistent with the
24 standards and practices of the United States Interstate Commerce
25 Commission including but not limited to proprietary information asso-
26 ciated with specific shippers, divisions and contract rate agreements.

27 ARTICLE 3. POWERS AND DUTIES.

28 Sec. 42.40.300. GENERAL POWERS. The authority may

29 (1) adopt a seal;

- 1 (2) adopt rules and regulations;
- 2 (3) sue and be sued;
- 3 (4) appoint officers, employees, trustees, and agents, and
4 prescribe their powers and duties;
- 5 (5) hire legal counsel to represent the authority;
- 6 (6) make contracts and execute instruments necessary or
7 convenient in the exercise of its powers and duties;
- 8 (7) acquire by purchase, lease, bequest, devise, gift, ex-
9 change, the satisfaction of debts, the foreclosure of mortgages, or
10 otherwise, real or personal property, rights, rights-of-way, fran-
11 chises, easements, and other interests in land, including land lying
12 under water and appropriation of water rights that are located in the
13 state, taking title to the property in the name of the authority;
- 14 (8) acquire property by eminent domain or by declaration of
15 taking;
- 16 (9) hold, maintain, use, operate, lease, exchange, donate,
17 improve, convey, alienate, dispose of, mortgage, encumber, and other-
18 wise grant security interests in or transfer any real or personal
19 property including without limitation facilities and equipment;
- 20 (10) borrow money and issue its bonds or notes and provide
21 for and secure their payment, provide for the rights of their holders
22 and purchase, hold, or dispose of its bonds or notes;
- 23 (11) secure the payment of its obligations by pledge or
24 mortgage or other lien on its contracts, revenues, income, or proper-
25 ty;
- 26 (12) contract with and accept transfers, gifts, grants or
27 loans of funds or property from the United States, the state, and its
28 political subdivisions, subject to the provisions of federal, state,
29 or local programs;

1 (13) acquire, hold and dispose of stocks, memberships, con-
2 tracts, bonds, general or limited partnership interests or other
3 interests in another corporation, association, partnership, joint
4 venture or other legal entity, and exercise the powers or rights in
5 connection with these interests which are provided in contracts or
6 agreements and that are allowed by law concerning the satisfaction of
7 debts;

8 (14) undertake or provide for the management, operation,
9 maintenance, use, and control of all of the properties of the Alaska
10 Railroad including without limitation, the tracks, equipment and other
11 property transferred to it by the federal government or by any person;

12 (15) undertake or provide for the acquisition, construction,
13 maintenance, equipping, and operation of connecting, switching, term-
14 inal, or other railroads and railroad facilities in the state;

15 (16) recommend to the legislature and the governor any tax,
16 financing, or security measure the authority considers appropriate for
17 maximizing the public interest in the operation of the railroad;

18 (17) lend its funds, property, credit or services for
19 authority purposes;

20 (18) consent to the modification of the rate of interest,
21 time of payment of an installment of principal or interest, or other
22 term of a loan, contract, or agreement to which the authority is a
23 party;

24 (19) include in any borrowing the amounts necessary to
25 establish reasonable reserves and pay financing charges and interest
26 on the obligations for a reasonable period after which the authority
27 estimates funds will be otherwise available to pay the interest,
28 consultant, advisory, and legal fees, and other expenses necessary or
29 incident to borrowing;

1 (20) maintain offices and facilities at places it desig-
2 nates;

3 (21) purchase the authority's bonds at a price not more than
4 the principal amount of them plus interest;

5 (22) cancel bonds purchased under (21) of this section;

6 (23) apply to the appropriate agencies of the state, the
7 United States, and to a foreign country and other proper agencies for
8 the permits, licenses, or approvals necessary to construct, maintain,
9 and operate transportation services, and to obtain, hold, and reuse
10 the licenses and permits in the same manner as other operating units
11 or persons;

12 (24) prescribe rates to be charged for services provided by
13 the Alaska Railroad;

14 (25) determine the routes, schedules, and types of service
15 to be provided by the Alaska Railroad;

16 (26) enter into contracts, leases, and other agreements with
17 connecting carriers, shippers, and other persons concerning the ser-
18 vices, activities, operations, properties and facilities of the rail-
19 road, including contracts, leases and other agreements that contain
20 provisions intended to preserve and expand the railroad's traffic
21 base;

22 (27) plan for and undertake expansion of the railroad and
23 railroad activities, including extension of the Alaska Railroad's rail
24 system and acquisition and operation of other modes of transportation
25 service connecting to the railroad's rail service;

26 (28) adopt regulations having the force of law that are de-
27 signed to safeguard property owned, managed, or transported by the
28 authority, to protect employees and persons using the authority's
29 property or services, and to promote safe, healthy, secure, and

1 effective railroad operations;

2 (29) maintain a security force to enforce state law and the
3 authority's regulations;

4 (30) adopt rules and regulations having the force of law
5 that require designated classes of proprietary and personnel informa-
6 tion and communications to be confidential;

7 (31) hire and discharge railroad personnel and determine
8 benefits and other terms and conditions of employment established in
9 accordance with obligations that may be imposed by the federal trans-
10 fer legislation;

11 (32) assume and satisfy liabilities of the United States or
12 its agencies as provided by the federal transfer legislation and the
13 closing report, or its substantive equivalent, as accepted by the
14 legislature; and

15 (33) do all things necessary, convenient or desirable to
16 carry out the powers and duties expressly granted or necessarily
17 implied in this chapter or under other laws of the state or the laws
18 and regulations of the federal government.

19 Sec. 42.40.310. ANNUAL REPORT. The board shall direct prepara-
20 tion of, certify and distribute to the governor and to each member of
21 the legislature by February 1 of each year a report generally describ-
22 ing the operations and financial condition of the authority. The
23 board may include in the report suggestions for legislation relating
24 to the structure, powers, or duties of the authority or relating to
25 the operation of facilities of the authority.

26 Sec. 42.40.320. ANNUAL AUDIT. The board shall have the finan-
27 cial records of the authority audited annually by an independent
28 certified public accountant experienced in railroad accounting. The
29 authority shall, at all times during normal business hours and as

1 often as the governor's auditor or the legislative audit division
2 considers necessary, make available to an auditor appointed by the
3 governor or to the legislative audit division for examination all of
4 its financial records, and shall permit the auditor appointed by the
5 governor or the legislative audit division to audit, examine and make
6 excerpts or transcripts from the records, and to make audits of all
7 contracts, invoices, materials, payrolls, records of personnel, con-
8 ditions of employment, provision of services and the rates at which
9 the services are provided and other relevant data; disclosure of this
10 information is subject to AS 42.40.240 and rules and regulations
11 implementing that section.

12 Sec. 42.40.325. LONG-RANGE PROGRAM AND CAPITAL IMPROVEMENT
13 PLANS. (a) The authority shall prepare and the board shall adopt a
14 long-range program plan and a capital improvement plan in accordance
15 with sec. 10 of this Act.

16 (b) The long-range program plan must delineate the manner in
17 which the authority intends to accomplish the purposes of and fulfill
18 its responsibilities under this chapter during each of the five years
19 after the plan is adopted. The long-range program plan shall provide
20 information substantially consistent with the requirements of
21 AS 37.07.050. The format of the long-range program plan must be
22 jointly determined by the authority, the legislative audit division,
23 and the division of budget and management, Office of the Governor.

24 (c) The long-range capital improvement plan must present and
25 explain the authority's anticipated capital improvements for each of
26 the five years after the plan is adopted. The long-range capital
27 improvement plan must include the information required by AS 42.40.-
28 600(b) together with any other information prescribed by the governor
29 or the legislative audit division.

1 (d) The authority shall annually revise and the board shall
2 adopt the plans required in this section.

3 (e) The authority shall provide copies of its plans to the
4 governor and the leadership of the legislature.

5 (f) The governor and the legislative audit division may conduct
6 an annual performance and efficiency audit in accordance with sec. 10
7 of this Act.

8 Sec. 42.40.330. USE OF AUTHORITY ASSETS. (a) The authority
9 shall apply all money, property, other assets, and credit of the
10 authority toward activities authorized by this chapter. The authority
11 may not issue shares of stock, pay dividends, make private distribu-
12 tion of assets, make loans to board members or employees, or engage in
13 business for private benefit. The use of authority money, property,
14 other assets, or credit for purposes not authorized by law by persons
15 having the possession or control of it is prohibited.

16 (b) Notwithstanding the provisions of this section, the authori-
17 ty may

18 (1) assist board members and employees as members of a
19 general class of persons to be assisted by an activity to the same
20 extent as other members of the class and as long as no special privi-
21 leges or treatment accrues to the member or employee by reason of
22 status or position held in the authority;

23 (2) return to board members and employees fees, dues, or
24 service charges originally contributed by them and surplus to the pur-
25 poses for which collected;

26 (3) defend and indemnify a current or former employee,
27 agent, or board member of the authority and their successors against
28 all costs, expenses, judgments, and liabilities, including attorney
29 fees, reasonably incurred by or imposed upon that person in connection

1 with a civil or criminal action in which the person is involved by
2 affiliation with the authority, if acting in good faith on behalf of
3 the authority and within the scope of official duties or powers; and

4 (4) purchase insurance to protect and hold personally harm-
5 less its employees, agents, and board members from an action, claim,
6 or proceeding instituted against these individuals arising out of the
7 performance, purported performance, or failure of performance, in good
8 faith, of duties for, or employment with, the authority and to hold
9 these individuals harmless from expenses connected with the defense,
10 settlement, or monetary judgments from that action, claim, or proceed-
11 ing; the purchase of insurance and its policy limits are discretionary
12 with the board and insurance is not considered to be compensation to
13 the insured individual.

14 ARTICLE 4. RAIL PROPERTIES.

15 Sec. 42.40.400. RAIL PROPERTIES. (a) The authority shall
16 receive from the United States and, in its own name, take title to all
17 rail properties transferred under the federal transfer legislation.
18 All land among the rail properties so transferred or otherwise
19 acquired by the authority is subject to AS 38.95.010 and is not sub-
20 ject to classification, control or disposal under AS 38 or other state
21 law, except as otherwise specifically provided in this chapter.

22 (b) Within 120 days after transfer of the rail properties, the
23 authority shall convey to the state the subsurface estate of and the
24 mineral rights in the land among the rail properties. The conveyance
25 shall be made by one or more quitclaim deeds executed by the chief
26 executive officer and delivered to the commissioner of natural re-
27 sources. The authority may reserve in each quitclaim deed the right
28 to extract and use for the authority's purposes sand, gravel, other
29 construction materials, and, in accordance with AS 42.40.410(g), coal

1 on the subject land. The interest retained by the authority after
2 conveyance to the state under this subsection entitles it to exclusive
3 use and control of the surface, complete subjacent and lateral support
4 of the surface, and the right to tunnel, ditch, recontour, excavate
5 and otherwise use the subsurface for railroad, transportation, trans-
6 mission, and related purposes.

7 (c) The authority may litigate, compromise, and otherwise settle
8 claims related to the transfer of rail properties from the United
9 States and to recover for breach of warranties made or other obliga-
10 tions assumed by the United States or other party in relation to the
11 transfer or status of the rail properties.

12 (d) The authority may submit applications on its own behalf as
13 an instrumentality of the state for acquisition of interests in feder-
14 al land available under federal law that will enhance the operations
15 of the authority and may receive conveyances of all interests in its
16 own name.

17 (e) The authority, as an agency of the state, may acquire in its
18 own name from the United States under the Surplus Property Act
19 (50 App. U.S.C. 1622 et seq.), the Federal Property and Administrative
20 Services Act of 1949 as amended (40 U.S.C. 471 et seq.), or other law,
21 property under the control of a federal department or agency that is
22 useful for the authority's purposes and may acquire from the Depart-
23 ment of Administration property of the state made available under
24 AS 44.71.010 - 44.71.040.

25 (f) Before disposing of an interest in real property, other than
26 a leasehold, a utility or access easement, or a land use permit, to a
27 party other than the state, the authority shall give public notice of
28 the disposition in two newspapers of general circulation. The author-
29 ity shall make copies of the notice available to the public at its

1 administrative office, and mail copies of the notice to the commis-
2 sioner of natural resources, the governor, and the leadership of the
3 legislature.

4 Sec. 42.40.410. CLASSIFICATION, ACQUISITION, AND USE OF STATE
5 LAND FOR RAILROAD PURPOSES. (a) The board by resolution may identify
6 land owned by or subject to selection by the state, including tide and
7 submerged land, as necessary or useful for present or intended rail-
8 road purposes. The resolution must include a statement of and justi-
9 fication for the present or intended railroad use and the date when
10 the use should begin. Upon submission of the resolution and a request
11 for classification and conveyance to the commissioner of natural
12 resources, the commissioner may temporarily classify and reserve the
13 land identified in the request for railroad purposes and may tempo-
14 rarily vacate a classification allowing disposal or lease of that land
15 under laws or programs of the state. A temporary classification and
16 vacation is subject to valid existing rights.

17 (b) Within 180 days after receiving the request, the commis-
18 sioner of natural resources by departmental order shall

19 (1) permanently classify the surface estate of that land
20 for railroad purposes and, subject to valid existing rights, convey
21 the state's interests in and to the surface estate of the land to the
22 authority;

23 (2) deny the classification and conveyance as not in the
24 best interest of the state; or

25 (3) approve in part and deny in part the request for
26 classification under this section.

27 (c) In the absence of a reservation to the contrary, a convey-
28 ance under (b) of this section vests in the authority the exclusive
29 right to extract and use for its purposes sand, gravel, other

1 construction materials, and, in accordance with (g) of this section,
2 coal on the land conveyed without regard to the classification of the
3 resources as part of the surface or subsurface estate.

4 (d) The authority and the commissioner of natural resources may
5 agree to joint management of railroad land and to conditions for
6 classification of railroad land. The authority and the commissioner
7 of natural resources may agree to periodic joint review of state land
8 to determine suitability for railroad purposes and periodic joint
9 review of the status of railroad land to determine the necessity for
10 continued ownership by the authority. The authority may reconvey to
11 the state land that the authority and the commissioner of natural
12 resources jointly identify as unnecessary or unsuitable for the au-
13 thority's purposes.

14 (e) The authority's ownership of a surface interest in state
15 land entitles it to exclusive use and control of the surface, complete
16 subjacent and lateral support of the surface, and the right to tunnel,
17 ditch, recontour, excavate or otherwise use the subsurface for rail-
18 road, transportation, transmission, and related purposes.

19 (f) When physical conditions require that track or other right-
20 of-way fixtures of the authority be moved from the existing location
21 and relocated on state-owned land adjacent to or in the vicinity of
22 the existing right-of-way, and the chief executive officer determines
23 that relocation is necessary to maintain safe and adequate rail op-
24 erations, the authority may effect the relocation after notice to the
25 Department of Natural Resources. The relocation must be limited to
26 land adequate to restore or continue safe rail operations at a normal
27 level. Within 45 days after a relocation under this subsection, the
28 authority shall request classification and conveyance of the land for
29 railroad purposes in accordance with (a) of this section.

1 (g) Before the authority extracts coal on lands in which it owns
2 an interest, as authorized by AS 42.40.400(b) and (c) of this section,
3 it shall submit a request for authorization to do so to the Department
4 of Natural Resources. Within 45 days after receiving the request, the
5 Department of Natural Resources shall approve the request if it deter-
6 mines that the coal to be extracted is located on lands in which the
7 authority owns an interest and is not subject to existing rights of a
8 third party. The state holds title to all coal on lands in which the
9 authority owns an interest until the coal is extracted from the land
10 by the authority under this subsection or otherwise disposed of in
11 accordance with AS 38.05.150 and AS 42.40.415. The authority may use
12 coal made available to it under this chapter for operational, non-
13 income producing purposes only, including the generation of power to
14 support operations and in-kind compensation to a person with whom the
15 authority contracts to extract coal.

16 Sec. 42.40.415. DEVELOPMENT OF OIL, GAS, MINERALS, AND GEO-
17 THERMAL RESOURCES ON AUTHORITY LAND. (a) The Department of Natural
18 Resources, in accordance with AS 38.05, may lease or otherwise develop
19 oil, gas, minerals, and geothermal resources located on land in which
20 the authority owns an interest, including a surface interest, only
21 upon satisfaction of the following conditions:

22 (1) the Department of Natural Resources submits to the
23 authority a request for authorization identifying the interest to be
24 developed and describing with specificity the proposed plan for devel-
25 opment of the interest, potential negative effects the proposed devel-
26 opment may have on the authority's operations, and measures that will
27 be used to avert or mitigate the effects;

28 (2) the authority reviews the request for authorization
29 and, after considering potential negative effects and proposed

1 mitigation measures, determines that the plan of development presents
2 no appreciable risk of interference with the operations of the author-
3 ity;

4 (3) the Department of Natural Resources and the authority
5 agree upon a suitable requirement that the lessee or party other than
6 the state undertaking the development reimburse the authority from the
7 proceeds of the development for costs incurred by the authority and
8 materials lost by the authority as a result of the development; and

9 (4) the authority issues to the Department of Natural Re-
10 sources a written authorization to proceed with the plan for lease or
11 development; the authority may not unreasonably withhold its consent
12 to a request for authorization submitted by the Department of Natural
13 Resources under this section.

14 (b) The Department of Natural Resources shall require a party
15 other than the state exercising rights under this section to post a
16 surety bond in an amount sufficient to secure the authority against
17 potential detrimental effects of the activity undertaken.

18 (c) The Department of Natural Resources shall maintain an accu-
19 rate record of all income received by the state from the land in which
20 the authority has an interest and of the value of all subsurface
21 estates conveyed by the authority to the state. The Department of
22 Natural Resources shall prepare a yearly summary of the income and
23 subsurface value and submit it to the legislature and the authority
24 before March 15 of each year.

25 (d) There is established in the state treasury the Alaska Rail-
26 road income fund. All income received by the state from lands in
27 which the authority has an interest shall be deposited into the fund.
28 The fund is subject to appropriation by the legislature.

29 Sec. 42.40.420. LAND USE REGULATION. The board may adopt

1 exclusive regulations governing land use by private parties having
2 interests in or permits for land owned or managed by the authority.
3 The power conferred by this section is exercised for the common
4 health, safety, and welfare of the public and, to the extent constitu-
5 tionally permissible, may not be limited by the terms and conditions
6 of leases, contracts, or other transactions with private parties.

7 Sec. 42.40.430. EMINENT DOMAIN AND ACQUISITION OF PROPERTY AND
8 MATERIALS. (a) The authority may exercise the power of eminent
9 domain under AS 09.55.240 - 09.55.460 to acquire land or an interest
10 in land for lawful purposes consistent with this chapter.

11 (b) The authority may acquire a fee simple title whenever, in
12 the judgment of the authority, ownership of a fee simple is necessary
13 to carry out the authority's lawful purposes in condemning property.
14 When the authority acquires a fee simple, it shall as soon as practi-
15 cable reconvey the subsurface estate to the state by a quitclaim deed.

16 (c) The authority may file a declaration of taking, under
17 AS 09.55.420 - 09.55.460, in the same manner and with the same effect
18 as the state.

19 (d) The authority's power of eminent domain includes, without
20 limitation, the power to obtain material, including clay, gravel,
21 sand, or rock, the land necessary to obtain the material, and access
22 to the land and material.

23 (e) The authority may vacate land, or part of it, or rights in
24 land acquired for railroad purposes by executing and filing a deed in
25 the appropriate recording district. Upon filing of the deed, title
26 reverts to the State of Alaska, if compensation has been paid.

27 ARTICLE 5. FINANCIAL PROVISIONS.

28 Sec. 42.40.500. BONDS AND NOTES. (a) The authority, by resolu-
29 tion of the board, may issue bonds and bond anticipation notes to

1 provide money to carry out its purposes.

2 (b) The principal and interest on the bonds or notes of the
3 authority are payable from money or assets of the authority. Bond
4 anticipation notes may be payable from the proceeds of the sale of
5 bonds or from the proceeds of sale of other bond anticipation notes
6 or, if bond or bond anticipation note proceeds are not available, the
7 notes may be paid from other money or assets of the authority. Bonds
8 or notes may be additionally secured by a pledge of a grant or contri-
9 bution or other property from the federal government, the state or any
10 of its political subdivisions, or a corporation, association, institu-
11 tion, or person, or a pledge of money, income, or revenues of the
12 authority from any source.

13 (c) Bonds or bond anticipation notes may be issued in one or
14 more series and shall be dated, bear interest (fixed or variable) at
15 the rate or rates per year or within the maximum rate, be in the
16 denomination, be in the form, either coupon or registered, carry the
17 conversion or registration provisions, have the rank of priority, be
18 executed in the manner and form, be payable from the sources in the
19 medium of payment and place or places inside or outside the state, be
20 subject to authentication by a trustee or fiscal agent, and be subject
21 to the terms of redemption with or without premium, as the resolution
22 of the board may provide. Bond anticipation notes mature at the time
23 or times determined by the board. Bonds mature at the time, not
24 exceeding 50 years from their date, determined by the board. Before
25 the preparation of definitive bonds or bond anticipation notes, the
26 authority may issue interim receipts or temporary bonds or bond an-
27 ticipation notes, with or without coupons, exchangeable for bonds or
28 bond anticipation notes when these definitive bonds or bond anticipa-
29 tion notes have been executed and are available for delivery.

1 (d) Bonds or bond anticipation notes may be sold in the manner,
2 on the terms, and at the price the board determines.

3 (e) If an officer whose signature or a facsimile of whose signa-
4 ture appears on bonds or notes or coupons attached to them ceases to
5 be an officer before the delivery of the bond, note, or coupon, the
6 signature or facsimile is valid as if the officer had remained in
7 office until delivery.

8 (f) Bond or bond anticipation note proceeds may not be dedicated
9 to activities other than those the board reasonably determines to be
10 specifically related to the purposes for which the instruments are
11 issued.

12 (g) In a resolution of the board authorizing or relating to the
13 issuance of bonds or bond anticipation notes, the board has power by
14 provisions in the resolution that will constitute covenants of the
15 authority, and contracts with the holders of the bonds or bond an-
16 ticipation notes

17 (1) to pledge to a payment or purpose all or a part of its
18 revenues to which its right then exists or may later exist, and the
19 money derived from the revenues, and the proceeds of its bonds or
20 notes;

21 (2) to covenant against pledging all or part of its reve-
22 nues, or against permitting or suffering a lien on the revenues or its
23 property;

24 (3) to covenant as to establishment of reserves or sinking
25 funds and the provision for and the regulation and disposition of the
26 reserves or sinking funds;

27 (4) to covenant with respect to or against limitations on a
28 right to sell or otherwise dispose of property of any kind;

29 (5) to covenant as to bonds and notes to be issued, and

1 their limitations, terms and conditions, and as to the custody, appli-
2 cation and disposition of the proceeds of the bonds and notes;

3 (6) to covenant as to the issuance of additional bonds or
4 notes, or as to limitations on the issuance of additional bonds or
5 notes and the incurring of other debts;

6 (7) to covenant as to the payment of the principal of or
7 interest on the bonds or notes, as to the sources and methods of pay-
8 ment, as to the rank or priority of the bonds or notes with respect to
9 a lien or security, or as to the acceleration of the maturity of the
10 bonds or notes;

11 (8) to provide for the replacement of lost, stolen, de-
12 stroyed, or mutilated bonds or notes;

13 (9) to covenant against extending the time for the payment
14 of bonds or notes or interest on bonds or notes;

15 (10) to covenant as to the redemption of bonds or notes and
16 privileges of their exchange for other bonds or notes of the authori-
17 ty;

18 (11) to covenant to create or authorize the creation of
19 special funds of money to be held in pledge or otherwise for operating
20 expenses, payment or redemption of bonds or notes, reserves or other
21 purposes, and as to the use and disposition of the money held in the
22 funds;

23 (12) to establish the procedure, if any, by which the terms
24 of a contract or covenant with or for the benefit of the holders of
25 bonds or notes may be amended or abrogated, the amount of bonds or
26 notes the holders of which must consent to amendment or abrogation,
27 and the manner in which the consent may be given;

28 (13) to covenant as to the custody of its properties or
29 investments, their safekeeping and insurance, and the use and

1 disposition of insurance money;

2 (14) to vest in a trustee or trustees inside or outside the
3 state property, rights, powers, and duties in trust as the authority
4 may determine, that may include any or all of the rights, powers, and
5 duties of a trustee appointed by the holders of bonds or notes of the
6 authority, and to limit or abrogate the rights of the holders of the
7 bonds or notes of the authority to appoint a trustee under this chap-
8 ter or limit the rights, powers, and duties of the trustee;

9 (15) to pay the costs or expenses incident to the enforce-
10 ment of the bonds or notes or of the provisions of the resolution or
11 of a covenant or agreement of the authority with the holders of its
12 bonds or notes;

13 (16) to agree with an authority trustee that may be a trust
14 company or bank having the powers of a trust company inside or outside
15 the state as to the pledging or assigning of revenues or funds in
16 which the authority has any rights or interest; the agreement may
17 further provide for other rights and remedies exercisable by the
18 trustee as may be proper for the protection of the holders of bonds or
19 notes of the authority and not otherwise in violation of law and may
20 provide for the restriction of the rights of an individual holder of
21 bonds or notes of the authority;

22 (17) to appoint and provide for the duties and obligations
23 of a paying agent or other fiduciary as the resolution may provide
24 inside or outside the state;

25 (18) to limit the rights of the holders of bonds or notes of
26 the authority to enforce a pledge or covenant securing the bonds or
27 notes; and

28 (19) to make covenants other than and in addition to the
29 covenants expressly authorized in this section, of like or different

1 character, and to make the covenants to do or refrain from doing the
2 acts and things as may be necessary, or convenient and desirable, in
3 order to better secure bonds or notes or which, in the absolute dis-
4 cretion of the board, will tend to make bonds or notes more market-
5 able, notwithstanding that the covenants, acts, or things may not be
6 enumerated in this section.

7 Sec. 42.40.510. INDEPENDENT FINANCIAL ADVISOR. In negotiating
8 the private sale of bonds or bond anticipation notes to an under-
9 writer, the board shall retain a financial advisor who is independent
10 from the underwriter.

11 Sec. 42.40.515. VALIDITY OF PLEDGE. The pledge of assets or
12 revenues of the authority to the payment of the principal or interest
13 on bonds or notes of the authority is valid and binding from the time
14 the pledge is made, and the assets or revenues are immediately subject
15 to the lien of the pledge without physical delivery or further act.
16 The lien of a pledge is valid and binding against all parties having
17 claims of any kind in tort, contract, or otherwise against the author-
18 ity, irrespective of whether those parties have notice of the lien of
19 the pledge. Nothing in this section prohibits the authority from
20 selling assets subject to a pledge, except that a sale may be re-
21 stricted by the trust agreement or resolution providing for the issu-
22 ance of the bonds or notes.

23 Sec. 42.40.520. REMEDIES. A holder of bonds or notes or of
24 coupons attached to them issued under this chapter, and a trustee
25 under a trust agreement or resolution authorizing the issuance of the
26 bonds or notes, except as restricted by a trust agreement or resolu-
27 tion, either at law or in equity, may enforce all rights granted under
28 this chapter or under the trust agreement or resolution, or under any
29 other contract executed by the authority under this chapter, and may

1 enforce and compel the performance of all duties required by this
2 chapter or by the trust agreement or resolution to be performed by the
3 authority or by its board members or employees.

4 Sec. 42.40.525. NEGOTIABLE INSTRUMENTS. Bonds and notes and
5 interest coupons attached to them issued under this chapter are nego-
6 tiable instruments under the laws of this state, subject only to
7 applicable provisions for registration.

8 Sec. 42.40.530. BONDS AND NOTES ELIGIBLE FOR INVESTMENT. Bonds
9 and notes issued under this chapter are securities in which all public
10 officers and public bodies of the state and its political subdivi-
11 sions, all insurance companies, trust companies, banking associations,
12 investment companies, executors, administrators, trustees, and other
13 fiduciaries may properly and legally invest money, including capital
14 in their control or belonging to them. These bonds and notes may be
15 deposited with a state or municipal officer of an agency or political
16 subdivision of the state for any purpose for which the deposit of
17 bonds or notes of the state is authorized by law.

18 Sec. 42.40.535. REFUNDING BONDS. (a) The authority may provide
19 for the issuance of refunding bonds for the purpose of refunding any
20 bonds then outstanding that have been issued under this chapter, in-
21 cluding the payment of any redemption premium on them and any interest
22 accrued or to accrue to the date of redemption of the bonds. The
23 issuance of the refunding bonds, the maturities and other details of
24 them, the rights of the holders of them, and the rights, duties, and
25 obligations of the authority in respect to them are governed by the
26 applicable provisions of this chapter that relate to the issuance of
27 bonds.

28 (b) Refunding bonds may be sold or exchanged for outstanding
29 bonds issued under this chapter and, if sold, the proceeds may be

1 applied, in addition to other authorized purposes, to the purchase,
2 redemption, or payment of the outstanding bonds. Pending the applica-
3 tion of the proceeds of refunding bonds, with any other available
4 money, to the payment of the principal, accrued interest, and any
5 redemption premium on the bonds being refunded, and, if so provided or
6 permitted in the resolution authorizing the issuance of the refunding
7 bonds or in the trust agreement securing them, to the payment of any
8 interest on the refunding bonds and any expenses in connection with
9 the refunding, the proceeds may be invested in direct obligations of,
10 or obligations the principal of and the interest on which are uncondi-
11 tionally guaranteed by, the United States of America, the State of
12 Alaska, or other entities with comparably rated credit that mature or
13 that will be subject to redemption, at the option of the holders of
14 them, not later than the respective dates when the proceeds, together
15 with the interest accruing on them, will be required for the purposes
16 intended.

17 Sec. 42.40.540. CREDIT OF STATE NOT PLEDGED; REQUIRED DISCLAIM-
18 ER. Bonds and notes issued under this chapter do not constitute a
19 debt, liability, or obligation of the state or a pledge of the faith
20 and credit of the state or of a political subdivision of the state
21 other than the authority but are payable solely from the revenues or
22 assets of the authority. Each bond and note issued under this chapter
23 must contain on its face a statement that the authority is not obli-
24 gated to pay it nor the interest on it except from the revenues or
25 assets pledged for it and that neither the faith and credit nor the
26 taxing power of the state or of a political subdivision of the state
27 other than the authority is pledged to the payment of the principal of
28 or the interest on the bond or note.

29 Sec. 42.40.545. NO PERSONAL LIABILITY. A board member or

1 employee of the authority is not subject to personal liability or ac-
2 countability for executing bonds or notes or because of their issu-
3 ance.

4 Sec. 42.40.550. REVENUES. Revenues generated by the authority
5 do not become part of the general fund of the state but are kept and
6 managed by the authority for purposes authorized by this chapter.

7 Sec. 42.40.555. INSURANCE. The authority shall keep in force
8 public liability insurance in an amount reasonably calculated to cover
9 potential claims for bodily injury, death or disability, and property
10 damage that may arise from or be related to its operations and activi-
11 ties, naming the state as an additional insured.

12 Sec. 42.40.560. SAFEGUARDING OF MONEY. The authority shall
13 maximize revenues from and deposit all money in depositories accept-
14 able to the governor and otherwise safeguard the money under instruc-
15 tions as the governor may from time to time issue.

16 Sec. 42.40.565. FIDELITY BOND. The authority shall obtain a
17 fidelity bond in an amount determined by the board for its members and
18 any official responsible for accounts and finances. A bond must be in
19 effect for the tenure in office of the bonded person.

20 Sec. 42.40.570. REVERSION OF ASSETS. If the authority ceases to
21 exist, for whatever reason, its assets revert to the state.

22 ARTICLE 6. STATE OVERSIGHT.

23 Sec. 42.40.600. STATE REVIEW. (a) The board shall notify the
24 governor and the leadership of the legislature before undertaking

25 (1) expansion, reduction, or diversification of services
26 provided by the railroad upon the date of transfer to the authority or
27 as provided under this chapter that the board determines would repre-
28 sent a significant and permanent change in the level and nature of
29 services provided;

1 (2) extension of main or branch lines by more than 25 miles
2 or five percent of the railroad's total track mileage, whichever is
3 greater; or

4 (3) the issuance of securities, notes, bonds or contracts
5 for other borrowings with a term in excess of one year and in an
6 amount exceeding \$5,000,000.

7 (b) The notice required by (a) of this section must be in writ-
8 ing and describe the proposed undertaking in detail, specifying

9 (1) its financial impact on the authority;

10 (2) its impact on the level and nature of services provided
11 by the authority;

12 (3) why the project is necessary or desirable to achieve
13 the purposes of this chapter; and

14 (4) whether and when the undertaking will be self-sustain-
15 ing financially.

16 (c) The notice required by (a) of this section shall be pub-
17 lished and given in the same manner as notice required under AS 42.-
18 40.060.

19 (d) Within 45 days after receipt of the notice required by (a)
20 of this section, the governor may

21 (1) disapprove the proposed undertaking;

22 (2) suspend the proposed undertaking and direct that it not
23 be implemented until the legislature has reviewed it under (f) of this
24 section; or

25 (3) approve the proposed undertaking, in which case the
26 authority may proceed with the undertaking.

27 (e) A decision by the governor disapproving the proposed under-
28 taking under (d) of this section is binding on the authority, unless
29 the authority is directed by the legislature under AS 42.40.610 to

1 proceed with the proposed undertaking. If the governor suspends the
2 proposed undertaking under (d) of this section, the governor shall
3 promptly transmit a decision to the board and the leadership of the
4 legislature in the form of a recommendation that the legislature
5 acquiesce in the proposed undertaking or that the legislature reject
6 the proposed undertaking. The authority's proposed undertaking is
7 considered approved if the governor fails to act under (d) of this
8 section within the prescribed time.

9 (f) During a legislative session, within 60 days after receipt
10 of the governor's recommendation the legislature may, by law, reject
11 the proposed undertaking. The legislation is binding on the authori-
12 ty. The proposed undertaking is considered approved if the legisla-
13 ture fails to pass legislation rejecting it within the prescribed
14 time.

15 (g) Notwithstanding the provisions of (a) - (f) of this section,
16 a proposed extension of main or branch lines by more than 50 percent
17 of the railroad's total track mileage and requiring the issuance of
18 securities, notes, bonds, or contracts for other borrowings of an
19 amount in excess of \$50,000,000 or provision for the management and
20 operation of the railroad by a third-party contractor must be specif-
21 ically authorized by law.

22 (h) An undertaking described in (a) or (g) of this section is
23 considered approved or rejected for purposes of this section if

24 (1) the authority has been directed to act or refrain from
25 acting in accordance with AS 42.40.610; or

26 (2) the legislature by law has specifically approved the
27 undertaking by authorizing, appropriating financing for, or guarantee-
28 ing the authority's borrowing for the proposed undertaking.

29 Sec. 42.40.610. ACTION-FORCING MECHANISM. (a) The governor or

1 the legislature, by resolution, may request that the authority exer-
2 cise or refrain from exercising its powers and authorities. Notice of
3 a request shall be given to the legislature by the governor and to the
4 governor by the legislature.

5 (b) To the greatest extent practicable within 30 days after
6 receipt of a request the board shall respond to both the governor and
7 the leadership of the legislature in writing specifying

8 (1) the manner in which it proposes to take the requested
9 action or any modification to the requested action sought by the
10 authority; or

11 (2) the specific reasons, financial, legal or otherwise,
12 why the board declines to take the requested action.

13 (c) At the request of the governor or on its own initiative, the
14 legislature by law may then direct the authority to take the requested
15 action or the legislature may act to cure the problem precluding the
16 authority from taking the requested action. If the authority is
17 unable to take the requested action for financial reasons, it is
18 obligated to do so, even if directed, only upon provision by the
19 legislature of sufficient money to plan and implement the action.

20 Sec. 42.40.615. INTERVENTION. (a) When authorized by law, the
21 governor as provided in the legislation shall intervene and exercise
22 such control over the authority as is necessary and appropriate to
23 correct a deficiency or to assure that the purposes of this chapter
24 may be reasonably accomplished, including directing affirmative action
25 when

26 (1) the board has requested intervention by resolution;

27 (2) the authority has represented to the public or to
28 creditors that recourse may be had to the assets, property, or credit
29 of the state on account of acts or omissions of the authority, unless

1 the secondary or direct liability has been expressly assumed by the
2 state;

3 (3) the authority has failed to file an annual report as
4 required by AS 42.40.310 within 120 days after receipt of formal
5 notice of the omission or has filed an annual report that is false or
6 misleading on a material matter;

7 (4) a deadlock has occurred in the board, or the membership
8 of the board is insufficient to constitute a quorum for conduct of
9 affairs so that the authority is unable to conduct its operations or
10 perform its activities; or

11 (5) the assets of the authority have been or are committed
12 to be misapplied or wasted or illegally expended, or the authority has
13 committed or is about to commit a material violation of this chapter.

14 (b) The governor may take actions necessary to achieve the
15 object of the intervention stated in the legislation and make ancil-
16 lary corrections, and shall accomplish the purposes of the interven-
17 tion as expeditiously as reasonable. Board members and employees may
18 not be displaced nor the conduct of their duties impaired more than
19 necessary to accomplish the purposes of the intervention and the
20 intervention must cease as soon as the objective stated in the legis-
21 lation and ancillary corrections have been accomplished.

22 Sec. 42.40.620. TRUSTEESHIP. (a) When authorized by law, the
23 governor may petition the superior court of the State of Alaska for
24 the Third Judicial District at Anchorage to impose a trusteeship over
25 the authority and appoint the trustees if

26 (1) the board has requested imposition of the trusteeship
27 by resolution;

28 (2) the authority has become insolvent or otherwise unable
29 to carry out its contractual obligations to creditors and other

1 persons;

2 (3) the authority has filed an annual report that is false
3 or deceptively misleading on a material matter;

4 (4) the authority has become incompetent or ineligible to
5 carry out the public purposes for which it was established;

6 (5) the authority has misused, abused, or continuously ex-
7 ceeded the power or authority conferred by this chapter or committed
8 repeated violations of this chapter;

9 (6) the assets of the authority have been or are committed
10 to be misapplied or wasted, or illegally expended, or a material
11 violation of this chapter has been committed or is about to be commit-
12 ted and the governor has determined that intervention as provided in
13 AS 42.40.615 would not be feasible under the circumstances; or

14 (7) the credit-worthiness of the state has been directly or
15 indirectly substantially impaired by actions of the authority.

16 (b) The trustees appointed by the superior court shall take rea-
17 sonable actions necessary during the trusteeship to achieve its ob-
18 ject. The trustees have the power and authority to reorganize the
19 authority and amend its rules and regulations; suspend or remove board
20 members and executive officials; manage the assets and affairs of the
21 authority; and exercise all powers necessary or appropriate to fulfill
22 outstanding agreements, to restore the capability of the authority to
23 perform the functions and activities for which it was established, to
24 reinstate its credit or credibility with its creditors or obligees or
25 the credit of the state or its credibility with its creditors or
26 obligees to the extent impaired by authority actions.

27 ARTICLE 7. MISCELLANEOUS PROVISIONS.

28 Sec. 42.40.700. PERSONNEL. (a) All personnel employed by the
29 Alaska Railroad are personnel of the authority, and not of the state.

1 The provisions of AS 39 do not apply to personnel employed by the
2 authority.

3 (b) For the purposes of the Public Employment Relations Act
4 (AS 23.40.070 - 23.40.260) the authority is considered a "public em-
5 ployer" within the meaning of that Act, except that AS 23.40.070(3)
6 does not apply to the authority, and the authority's employees are
7 classified as employees under AS 23.40.200(a)(1).

8 (c) The authority may not enter into any collective bargaining
9 agreement concerning wages, hours, working conditions or other employ-
10 ment terms, conditions and benefits with any organization representing
11 the authority's executive officials.

12 Sec. 42.40.710. POLITICAL ACTIVITIES. (a) Money, assets, or
13 property of the authority may not be used for partisan political
14 activity or to further the election or defeat of a person seeking an
15 elective office. Money or a substantial part of the activities of the
16 authority may not be used for publicity or educational purposes de-
17 signed to support or defeat legislation pending before congress or the
18 legislature. However, board members and employees of the authority
19 may communicate with and appear before committees of congress or the
20 legislature as well as local legislative bodies in connection with
21 financing and other matters directly affecting the authority or its
22 ability to carry out the purposes for which it is established and
23 respond to requests by members of congress, the legislature, or local
24 legislative bodies for information, views, and testimony.

25 (b) A board member or employee who violates the provisions of
26 this section is personally subject to a civil penalty assessed by a
27 judge of the superior court in an amount not to exceed \$5,000. An
28 action to enforce this penalty may be brought by any person. A viola-
29 tion of this chapter does not constitute a crime and assessment of the

1 civil penalty by a judge does not create any disability or legal
2 disadvantage based on conviction of a criminal offense.

3 Sec. 42.40.720. LICENSES AND PERMITS. Except as otherwise pro-
4 vided in this chapter, if the laws of a municipality, the state, or
5 the United States require a person to hold a license or permit to
6 undertake certain activities or perform an act, the authority, before
7 under taking the activity or performing the act, shall comply with the
8 law to the same extent the state is required to comply.

9 Sec. 42.40.730. UNAUTHORIZED REPRESENTATION. All persons who
10 assume to act for the authority without authority to do so are jointly
11 and severally liable for the debts and liabilities incurred.

12 Sec. 42.40.740. CLAIMS AGAINST THE AUTHORITY. (a) All claims
13 and lawsuits involving activities of the railroad, including without
14 limitation suits in contract, quasi-contract, or tort, shall be
15 brought against the authority, and not against the state.

16 (b) For the purposes of actionable claims, undertakings, pay-
17 ments of judgments, execution, interest, punitive damages, statutes of
18 limitations, bonds, costs, and similar matters related to the presen-
19 tation and prosecution of claims by and against the authority, the
20 authority and its board members and employees enjoy the same rights,
21 privileges, and immunities as the state and state officers as provided
22 in AS 09.10.120, AS 09.50.250 - 09.50.290, AS 09.65.040, and other
23 similar or related statutes.

24 (c) Claims against the authority are not subject to the pro-
25 visions of AS 44.77.010 - 44.77.070 regarding claims against the
26 state.

27 (d) The authority is not subject to the provisions of AS 44.80.-
28 010, regarding the state as a party to an action.

29 Sec. 42.40.755. EXEMPTION FROM TAXATION. (a) The real and

1 personal property of the authority and its assets, income, and re-
2 cepts are declared to be the property of a political subdivision of
3 the state and devoted to an essential public and governmental function
4 and purpose, and the property, assets, income, and receipts are exempt
5 from all taxes and special assessments of the state or a political
6 subdivision of the state, including, without limitation, a borough,
7 city, municipality, school district, public utility district and other
8 taxing unit. All bonds of the authority are declared to be issued by
9 a political subdivision of the state and for an essential public and
10 governmental purpose and to be a public instrumentality and the bonds,
11 and the interest on them, the income from them and the transfer of the
12 bonds, and all assets, income, and receipts pledged to pay or secure
13 the payment of the bonds, or interest on them, are at all times exempt
14 from taxation by or under the authority of the state, except for
15 inheritance and estate taxes and taxes on transfers by or in contem-
16 plation of death.

17 (b) Nothing in this section affects or limits an exemption from
18 license fees, property taxes, or excise, income or other taxes, pro-
19 vided under any other law, nor does it create a tax exemption with
20 respect to the interest of any business enterprise or other person,
21 other than the authority.

22 (c) For purposes of AS 14.17 relating to the computation of the
23 required local effort by a district as defined in AS 14.17.250(3),
24 property exempted from taxation by this chapter is considered taxable
25 real and personal property.

26 Sec. 42.40.770. PAYMENTS IN PLACE OF LOCAL REAL PROPERTY TAXA-
27 TION AND IMPACT AID. (a) To the extent feasible, without impairing
28 the authority's financial viability and consistent with sound business
29 principles, including but not limited to the operation of the railroad

1 on a self-sustaining basis, the need for capital accumulation, and
2 consistency with regulation by the United States Interstate Commerce
3 Commission, the authority may

4 (1) make voluntary payments to political subdivisions
5 served by the railroad or in which the authority has substantial land
6 holdings in place of local taxation of authority real property; and

7 (2) provide financial assistance to political subdivisions
8 and other local districts in the development of public education and
9 other facilities required to be developed as a result of expanded
10 authority activities in the area.

11 (b) The board shall adopt regulations prescribing the conditions
12 under and the extent to which it will undertake to provide payments or
13 assistance, including, but not limited to

14 (1) the conditions cited in (a) of this section;

15 (2) the relative magnitude of the taxation effort deficit
16 or impact caused by authority activities in an area;

17 (3) the relative need among communities affected by author-
18 ity activities; and

19 (4) the present or anticipated benefits to the communities
20 attributable to authority activities.

21 ARTICLE 8. GENERAL PROVISIONS.

22 Sec. 42.40.870. ENFORCEMENT OF LAW AND AUTHORITY REGULATIONS BY
23 AUTHORITY SECURITY FORCE. Members of the security force maintained by
24 the authority under AS 42.40.300 may enforce state laws and regula-
25 tions adopted by the authority with respect to violations of the laws
26 or regulations that occur on or to property owned, managed or trans-
27 ported by the authority. Members of the security force may exercise
28 the same enforcement powers granted by law to state law enforcement
29 officers.

1 Sec. 42.40.880. PENALTY FOR VIOLATION OF DESIGNATED REGULATION.
2 A person who violates a regulation of the authority that has been
3 designated by the authority as a regulation that is necessary to
4 protect life, health or property, is guilty of a class B misdemeanor.

5 Sec. 42.40.890. CONSTRUCTION. This chapter shall be liberally
6 construed to carry out its purposes.

7 Sec. 42.40.900. DEFINITIONS. In this chapter, unless the con-
8 text clearly indicates otherwise,

9 (1) "authority" means the Alaska Railroad Authority;

10 (2) "board" means the Board of Commissioners of the Alaska
11 Railroad Authority;

12 (3) "date of transfer" means the date on which the United
13 States Secretary of Transportation delivers the deed of conveyance for
14 the properties of the Alaska Railroad under the federal transfer
15 legislation;

16 (4) "employees" means all persons employed by the authori-
17 ty, including executive officials;

18 (5) "executive officials" means the authority's chief
19 executive officer, assistant chief executive officer, assistant to the
20 chief executive officer, chief of administration, superintendent of
21 transportation, manager of marketing and sales, chief engineer, chief
22 mechanical officer, manager of industrial development and real estate,
23 manager of budget and accounting, manager of planning, manager of
24 personnel, manager of supply and procurement, chief of security,
25 manager of operating rules, manager of data processing, or any employ-
26 ee of the authority who fulfills these management functions under a
27 different title or who exercises a similar or comparable level of
28 responsibility if so designated by the board;

29 (6) "federal transfer legislation" means that Act of

1 Congress authorizing transfer of the Alaska Railroad to the State of
2 Alaska or the authority;

3 (7) "immediate family" means

4 (A) spouse;

5 (B) dependent parent, parent-in-law, child, son-in-
6 law, or daughter-in-law; or

7 (C) a parent, parent-in-law, child, son-in-law, daugh-
8 ter-in-law, sibling, uncle, aunt, cousin, niece, or nephew resid-
9 ing in the household of an officer or employee of the authority;

10 (8) "land" means all interests in real property, including
11 tide and submerged land;

12 (9) "leadership of the legislature" means the president of
13 the senate, the speaker of the house, the minority leaders of each
14 house, the chairmen of the senate and house transportation and finance
15 committees, the chairman of the legislative budget and audit committee
16 or jurisdictional successors or persons or offices designated by those
17 individuals;

18 (10) "rail properties" means all right, title, and interest
19 of the United States to real and personal property, tangible and
20 intangible, identified in the closing report prepared under the feder-
21 al transfer legislation and transferred to the authority under the
22 legislation;

23 (11) "regulation" has the same meaning as under AS 44.62.-
24 640;

25 (12) "rules" means rules, standards, or written procedures
26 relating to the governance and internal management and affairs of the
27 authority or the board; rules may not be considered to be "regula-
28 tions".

29 * Sec. 3. AS 09.55.310(a)(4) is amended to read:

1 (4) if the property sought to be condemned is for a rail-
2 road other than one operated by the Alaska Railroad Authority, the
3 cost of good and sufficient fences along the line of the railroad, and
4 the cost of cattle guards where fences may cross the line of the
5 railroad.

6 * Sec. 4. AS 09.55.350 is amended to read:

7 Sec. 09.55.350. TIME FOR PAYING COMPENSATION OR DAMAGES OR BOND
8 TO BUILD RAILROAD FENCES AND CATTLE GUARDS. The plaintiff shall,
9 within 30 days after final judgment, pay the sum of money assessed.
10 If the use is for railroad purposes other than the purposes of the
11 Alaska Railroad Authority, the plaintiff may, at the time of or before
12 the payment, elect to build the fences and cattle guards. If the
13 plaintiff [HE] so elects, the plaintiff [HE] shall execute to the
14 defendant a bond, with one or more sureties to be approved by the
15 court, in double the assessed cost of the same to build such fences
16 and cattle guards within eight months from the time the railroad is
17 built on the land taken. If the bond is given, the plaintiff need not
18 pay the cost of the fences and cattle guards. In an action on the
19 bond, the plaintiff may recover reasonable attorney fees.

20 * Sec. 5. AS 39.50.200(b) is amended by adding a new paragraph to read:

21 (46) members of the Board of Commissioners of the Alaska
22 Railroad Authority.

23 * Sec. 6. COMMENCEMENT OF LEGAL EXISTENCE OF ALASKA RAILROAD AUTHORITY.

24 The legal existence and authority of the Alaska Railroad Authority com-
25 mences upon appointment by the governor under AS 42.40.030 enacted in sec.
26 2 of this Act of all members of the Board of Commissioners of the authori-
27 ty.

28 * Sec. 7. APPOINTMENT OF FIRST MEMBERS OF THE BOARD OF COMMISSIONERS.

29 (a) The governor shall designate the terms of the six public members of

1 the Board of Commissioners of the Alaska Railroad Authority first appointed
2 under AS 42.40.040. Of the six public members first appointed

- 3 (1) two shall serve a term of two years;
- 4 (2) one shall serve a term of three years;
- 5 (3) one shall serve a term of four years;
- 6 (4) two shall serve a term of five years.

7 (b) The governor may exercise the power of appointment under AS 42.-
8 40.030 only upon acceptance by the legislature by law of the closing report
9 or its substantive equivalent prepared and submitted under the federal
10 transfer legislation or upon approval by the legislature of operation of
11 the Federal Alaska Railroad by the authority.

12 * Sec. 8. CLOSING REPORT SUBMITTED UNDER FEDERAL TRANSFER LEGISLATION.

13 The closing report submitted under the federal transfer legislation must
14 include a statement of the assets and liabilities of the Alaska Railroad
15 proposed to be transferred to and assumed by the Alaska Railroad Authority
16 or the state which statement is as specific and definitive as practicable
17 under the federal transfer legislation. The legislature may accept or
18 reject the report and may not condition acceptance on its modification in
19 any material respect.

20 * Sec. 9. ASSETS AND LIABILITIES TO BE NOTED IN AUDIT. To the extent
21 practicable, for the five years following the date of transfer of the
22 Alaska Railroad to the state or the Alaska Railroad Authority the status of
23 the assets and liabilities specifically identified in the closing report
24 submitted under the federal transfer legislation must be noted in the
25 annual audit.

26 * Sec. 10. INITIAL LONG-RANGE PROGRAM AND CAPITAL IMPROVEMENT PLANS.

27 (a) Within 18 months of the date of transfer of the Alaska Railroad to the
28 state or the Alaska Railroad Authority, the authority shall prepare and the
29 Board of Commissioners of the authority shall adopt a long-range program

1 plan and a capital improvement plan in accordance with AS 42.40.325.

2 (b) Beginning three years after the preparation of the long-range
3 program plan described in (a) of this section, the governor and the legis-
4 lative audit division may conduct an annual performance and efficiency
5 audit of the authority's compliance with the plan.

6 * Sec. 11. PRE-EXISTING RULES, REGULATIONS AND ORDERS OF THE ALASKA
7 RAILROAD. The Board of Commissioners of the Alaska Railroad Authority, by
8 resolution, may continue in force for a period of not more than two years
9 after date of transfer all or part of the rules, regulations, and orders of
10 the Alaska Railroad which were in effect one day before the date of trans-
11 fer and are not inconsistent with this chapter or other state law. All
12 authorities continued in force under this section shall expire on the
13 second anniversary of the date of transfer. The Board of Commissioners may
14 adopt in its rules, regulations, and orders the substance of former federal
15 authorities relating to the Alaska Railroad. This adoption is not con-
16 sidered a continuation of the federal authorities if made in compliance
17 with the procedural requirements of this chapter and other applicable law.

18 * Sec. 12. COLLECTIVE BARGAINING AGREEMENT BETWEEN THE ALASKA RAILROAD
19 AUTHORITY AND EMPLOYEES. As soon as practicable after transfer of the
20 Alaska Railroad, the Alaska Railroad Authority and its employees shall
21 adopt collective bargaining agreements that continue the provisions of the
22 agreements in effect between the Alaska Railroad and its employees immedi-
23 ately before transfer of the Alaska Railroad. The collective bargaining
24 agreements between the authority and its employees shall remain in effect
25 until they expire by their terms or, as required under the federal transfer
26 legislation, they are renegotiated, subject to the approval of the Board of
27 Commissioners of the Alaska Railroad Authority.

28 * Sec. 13. CONFLICTING LAWS INAPPLICABLE. If provisions of this Act
29 are in conflict with the provisions of other law, the provisions of this

1 Act prevail.

2 * Sec. 14. APPLICATION OF EXISTING STATUTES. (a) AS 19 does not apply
3 to the operations of the Alaska Railroad Authority.

4 (b) The Alaska Railroad Authority is considered a political subdivi-
5 sion of the state for the purposes of AS 23.10.055.

6 (c) AS 23.10.420 does not apply to the operations of the Alaska Rail-
7 road Authority.

8 (d) AS 30.15 does not apply to the operations of the Alaska Railroad
9 Authority.

10 (e) AS 35 does not apply to the operation of the Alaska Railroad
11 Authority.

12 (f) The following provisions of AS 37 do not apply to the operations
13 and budgeting procedures of the Alaska Railroad Authority: AS 37.05;
14 AS 37.07; AS 37.10.010 - 37.10.060, 37.10.085; AS 37.20; and AS 37.25.

15 (g) The Alaska Railroad Authority is not subject to the jurisdiction
16 of the Alaska Transportation Commission.

17 * Sec. 15. SUBSEQUENTLY ENACTED STATUTES. No subsequently enacted
18 statute shall be interpreted or construed to apply to the Alaska Railroad
19 Authority, the Alaska Railroad, or any of the authority's activities unless
20 it specifically so provides by its terms.

21 * Sec. 16. EFFECTIVE DATE. This Act takes effect upon acceptance by
22 the Alaska State Legislature of the closing report submitted under the
23 federal transfer legislation enacted by Congress authorizing transfer of
24 the Alaska Railroad to the State of Alaska or the Alaska Railroad Authority
25 or upon approval by the legislature of operation of the Federal Alaska
26 Railroad by the Alaska Railroad Authority.