

**CS FOR SENATE BILL NO. 148(TRA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION**

BY THE SENATE TRANSPORTATION COMMITTEE

**Offered: 4/2/93
Referred: FINANCE**

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to legislative approval of certain acts of the Alaska Railroad
2 Corporation; taxation of certain property of the Alaska Railroad Corporation;
3 members of the board and chief executive officer of the Alaska Railroad
4 Corporation; meetings of the board of directors of the Alaska Railroad
5 Corporation; and providing for an effective date."

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 * Section 1. PURPOSE. This Act provides that

8 (1) the Alaska Railroad Corporation shall obtain approval of the legislature
9 before

10 (A) incurring debt, except in certain circumstances, in excess of
11 \$10,000,000 in a year or in excess of a total of \$50,000,000; or

12 (B) obtaining an equity position in certain nontransportation activities;
13 (2) the real property of the Alaska Railroad Corporation that is leased to an

1 agency or a person for fair value is subject to real property taxes imposed by municipalities;
2 the real property of the corporation that is subject to municipal property taxes is excepted from
3 the exemption from taxation granted to property of the state by art. IX, sec. 4, Constitution
4 of the State of Alaska;

5 (3) members of the board of directors and chief executive officer of the Alaska
6 Railroad Corporation are subject to AS 39.50 (Conflict of Interest);

7 (4) the chair or vice-chair of the board of directors may not serve as chief
8 executive officer of the Alaska Railroad Corporation;

9 (5) the board of directors of the Alaska Railroad Corporation shall provide for
10 meetings of the board by teleconference during legislative sessions.

11 * Sec. 2. AS 29.45.030(a) is amended to read:

12 (a) The following property is exempt from general taxation:

13 (1) municipal property, including property held by a public corporation
14 of a municipality, or state property, except that

15 (A) a private leasehold, contract, or other interest in the
16 property is taxable to the extent of the interest;

17 (B) notwithstanding any other provision of law, property
18 acquired by an agency, corporation, or other entity of the state through
19 foreclosure or deed in lieu of foreclosure and retained as an investment of a
20 state entity is taxable; this subparagraph does not apply to federal land granted
21 to the University of Alaska under AS 14.40.380 or 14.40.390, or to other land
22 granted to the university by the state to replace land that had been granted
23 under AS 14.40.380 or 14.40.390;

24 (C) an ownership interest of a municipality in real property
25 located outside the municipality acquired after December 31, 1990, is taxable
26 by another municipality; however, a borough may not tax an interest in real
27 property located in the borough and owned by a city in that borough;

28 (D) the real property of the Alaska Railroad Corporation
29 that is leased for fair value to a municipal, state, or federal agency or a
30 person is taxable;

31 (2) household furniture and personal effects of members of a

- 1 household;
- 2 (3) property used exclusively for nonprofit religious, charitable,
3 cemetery, hospital, or educational purposes;
- 4 (4) property of a nonbusiness organization composed entirely of persons
5 with 90 days or more of active service in the armed forces of the United States whose
6 conditions of service and separation were other than dishonorable, or the property of
7 an auxiliary of that organization;
- 8 (5) money on deposit;
- 9 (6) the real property of certain residents of the state to the extent and
10 subject to the conditions provided in (e) of this section;
- 11 (7) real property or an interest in real property that is exempt from
12 taxation under 43 U.S.C. 1620(d), as amended;
- 13 (8) property of a political subdivision, agency, corporation, or other
14 entity of the United States to the extent required by federal law; except that a private
15 leasehold, contract, or other interest in the property is taxable to the extent of that
16 interest;
- 17 (9) natural resources in place including coal, ore bodies, mineral
18 deposits, and other proven and unproven deposits of valuable materials laid down by
19 natural processes, unharvested aquatic plants and animals, and timber.

20 * Sec. 3. AS 29.45.295 is amended to read:

21 Sec. 29.45.295. COLLECTION OF DELINQUENT TAXES ON CERTAIN
22 GOVERNMENTAL PROPERTY. AS 29.45.300 - 29.45.490 do not apply to property
23 taxable under AS 29.45.030(a)(1)(B) - (D) [AS 29.45.030(a)(1)(B) OR (C)] or to
24 federal property not exempted under AS 29.45.030(a)(8). A municipality may bring
25 an action in the superior court to compel payment of property taxes due from the state,
26 municipal, or federal entity if the entity does not pay the amount due within six
27 months after the date that the taxes are due. In this section, "state entity" includes
28 the Alaska Railroad Corporation.

29 * Sec. 4. AS 39.50.200(b) is amended by adding a new paragraph to read:

30 (55) the board of directors and the chief executive officer of the Alaska
31 Railroad Corporation (AS 42.40.010).

1 * Sec. 5. AS 42.40.020 is amended by adding a new subsection to read:

2 (c) Members of the board are subject to AS 39.50.

3 * Sec. 6. AS 42.40.060(a) is amended to read:

4 (a) The board shall elect from its membership a chair [CHAIRMAN] and
5 vice-chair [VICE-CHAIRMAN] and prescribe their duties by rule. The chair or vice-
6 chair of the board may not serve as the chief executive officer of the corporation.

7 * Sec. 7. AS 42.40.110(a) is amended to read:

8 (a) The board shall appoint the chief executive officer of the corporation who
9 serves at the pleasure of the board. The board shall fix compensation for the chief
10 executive officer. The chief executive officer of the corporation may not serve as
11 chair or vice-chair of the board. The chief executive officer of the corporation is
12 subject to AS 39.50.

13 * Sec. 8. AS 42.40.150 is amended by adding a new subsection to read:

14 (d) The board shall provide for attendance and participation at meetings by
15 members of the board by teleconference during legislative sessions. Materials that are
16 to be considered at a meeting must be available at teleconference locations. The vote
17 at a meeting held by teleconference shall be taken by roll call.

18 * Sec. 9. AS 42.40.285 is amended to read:

19 Sec. 42.40.285. LEGISLATIVE APPROVAL REQUIRED. Unless the
20 legislature approves the action by law, the corporation may not

21 (1) exchange, donate, sell, or otherwise convey its entire interest in
22 land;

23 (2) issue bonds;

24 (3) incur debt in an amount exceeding \$10,000,000 in any fiscal
25 year or have at any time an outstanding aggregated debt exceeding \$50,000,000;
26 this paragraph does not apply to debt incurred for the acquisition and
27 maintenance of railroad rolling stock, locomotives, construction and maintenance
28 equipment, track structure, and other railroad related physical plant;

29 (4) extend railroad lines; this paragraph does not apply to a spur,
30 industrial, team, switching, or side track;

31 (5) [(4)] lease land for a period in excess of 35 years unless the

1 corporation reserves the right to terminate the lease if the land is needed for railroad
2 purposes;

3 (6) use assets of the corporation to obtain an equity position in a
4 nontransportation activity; this paragraph

5 (A) does not apply to

6 (i) the purchase of stocks or other forms of equity
7 participation by the pension funds of the corporation; or

8 (ii) specific activities in which the corporation is
9 engaged on the effective date of this section of this Act, or to
10 routine maintenance and upkeep for those activities or to routine
11 appreciation in value of those existing activities;

12 (B) applies to increases in the corporation's respective share
13 of equity in a specific activity in which the corporation is engaged on the
14 effective date of this section of this Act and to substantial physical
15 expansions of that activity.

16 * Sec. 10. AS 42.40.910(a) is amended to read:

17 (a) The exercise of the powers granted by this chapter shall be in all respects
18 for the benefit of the people of the state, for their well-being and prosperity, and for
19 the improvement of their social and economic conditions. Except as provided in
20 AS 29.45.030(a)(1) and in [SUBJECT TO] (b) of this section, the real and personal
21 property of the corporation and its assets, income, and receipts are exempt from all
22 taxes and special assessments of the state or a political subdivision of the state.

23 * Sec. 11. AS 42.40.980 is amended by adding a new paragraph to read:

24 (11) "nontransportation activity" means

25 (A) a hotel or other lodging facilities; or

26 (B) an activity not

27 (i) related to the movement, handling, or distribution of
28 people or personal property; or

29 (ii) conducted by the railroad on the date of transfer to
30 the state.

31 * Sec. 12. Sections 2, 3, and 10 of this Act take effect January 1, 1994.